

1 DAVID R. ZARO (BAR NO. 124334)
EDWARD G. FATES (BAR NO. 227809)
2 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
3 515 South Figueroa Street, Ninth Floor
Los Angeles, California 90071-3309
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
tfates@allenmatkins.com

6 Attorneys for Receiver
7 THOMAS A. SEAMAN

8 **UNITED STATES DISTRICT COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA**
10 **SAN JOSE DIVISION**

11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 vs.

14 SMALL BUSINESS CAPITAL CORP.;
15 MARK FEATHERS; INVESTORS PRIME
FUND, LLC; AND SBC PORTFOLIO FUND,
16 LLC,

17 Defendants.

Case No. CV12-03237

**NOTICE OF MOTION AND MOTION TO
CONCLUDE RECEIVERSHIP AND FOR
ORDER: (1) APPROVING SALE OF
CLINE JUDGMENT AND CBB STOCK;
(2) AUTHORIZING RECEIVER TO
ESTABLISH RESERVE AND MAKE
ADMINISTRATIVE PAYMENTS AND
FINAL DISTRIBUTIONS TO CLAIMANTS;
(3) APPROVING STIPULATION WITH
SMALL BUSINESS ADMINISTRATION;
(4) APPROVING FINAL ACCOUNTING
AND REPORT; (5) APPROVING
DISPOSITION OF BOOKS AND
RECORDS; (6) RELEASING FEATHERS
RESERVE FUNDS; AND
(7) CONDITIONALLY DISCHARGING
RECEIVER; RECEIVER'S FINAL REPORT
AND ACCOUNTING**

Date: October 20, 2016
Time: 9:00 a.m.
Ctmm.: 4 - 5th Floor
Judge: Hon. Edward J. Davila

**TO THE HONORABLE EDWARD J. DAVILA JUDGE OF THE UNITED STATES
DISTRICT COURT AND INTERESTED PARTIES:**

PLEASE TAKE NOTICE that on October 20, 2016 at 9:00 a.m. in Courtroom 4 of the above-entitled Court located 280 S. 1st Street, San Jose, California 95113, a hearing will be held on the motion of Thomas A. Seaman ("Receiver"), Court-appointed permanent receiver for Small Business Capital Corp. ("SBCC"), Investors Prime Fund, LLC ("IPF"), SBC Portfolio Fund, LLC ("SPF") and their subsidiaries and affiliates, including Small Business Capital, LLC ("SBC LLC") and SBC Senior Commercial Mortgage Fund, LLC ("SCMF") (collectively, "Receivership Entities"), to conclude the receivership and orders to: (1) approve the sale of the Cline Judgment and California Business Bank stock (hereinafter defined); (2) authorize Receiver to establish a reserve and make administrative payments and final distributions to claimants; (3) approve stipulation related to claim of the U.S. Small Business Administration and other post-receivership claims; (4) approve final accounting and report; (5) approve destruction or transfer of books and records; (6) approve release of Feathers reserve funds; and (7) discharge the Receiver ("Motion"). The Receiver and his counsel, Allen Matkins, have filed their fee applications concurrently herewith. The Motion and all relevant pleadings are available at the Receiver's website www.sbcapitalreceiver.com, or may be reviewed at the Clerk's Office during normal business hours at San Jose, California.

Procedural Requirements: If you oppose the requested relief set forth in this Motion, then you are required to file your written opposition with the Office of the Clerk, United States District Court at 280 S. 1st Street, San Jose, California 95113 and serve the same on the undersigned not later than 21 calendar days prior to the hearing.

IF YOU FAIL TO FILE AND SERVE A WRITTEN OPPOSITION by the above date, the Court may grant the relief requested in the Motion without further notice.

Dated: June 23, 2016

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: /s/ Edward Fates

EDWARD G. FATES
Attorneys for Receiver
THOMAS A. SEAMAN

TABLE OF CONTENTS

	<u>Page</u>
I. RECEIVER'S FINAL REPORT AND ACCOUNTING	1
A. Stabilizing the Enterprise	1
B. Receiver's Accounting.....	3
C. Loan Servicing and Asset Disposition	4
D. Receiver Reporting and Communications.....	6
E. Actions of Mr. Feathers.....	7
F. Receivership Accounting	7
II. CLOSING MATTERS.....	9
A. Asset Sales and Recoveries	10
1. Sale of the Cline Judgment.....	10
2. California Business Bank Settlement.....	11
3. Sale of California Business Bank Stock.....	11
4. Release/Distribution of \$200,000 Held for Feathers' Legal Fees.....	12
B. Establishment of a Reserve and Distributions to Claimants	12
1. Establishment of Reserve	13
2. Proposed Distributions	14
C. Outstanding Claims Issues	14
1. SBA Claim	14
2. BusinessUS.....	15
D. Destruction of Records.....	15
E. Discharge of Receiver	15
III. ARGUMENT	16
A. Broad Equitable Powers of the Court.....	16
B. The Proposed Asset Sales are Fair and Reasonable.....	17
C. Relief Regarding Mr. Feathers	18

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page

D.	Conclusion of Receivership and Discharge of Receiver	20
IV.	CONCLUSION	21

TABLE OF AUTHORITIES**Page(s)****Cases**

<i>Commodities Futures Trading Comm'n. v. Topworth Int'l, Ltd.</i> , 205 F.3d 1107 (9th Cir. 1999).....	17
<i>DeLong v. Hennessey</i> , 912 F.2d 1144 (9th Cir. 1990).....	19
<i>First Empire Bank-New York v. FDIC</i> , 572 F.2d 1361 (9th Cir. 1978).....	20
<i>Molski v. Evergreen Dynasty Corp.</i> , 500 F.3d 1047 (9th Cir. 2007).....	19
<i>SEC v. Basic Energy & Affiliated Res.</i> , 273 F.3d 657 (6th Cir. 2001).....	19
<i>SEC v. Capital Consultants, LLC</i> , 397 F.3d 733 (9th Cir. 2005).....	17
<i>SEC v. Elliot</i> , 953 F.2d 1560 (11th Cir. 1992).....	17
<i>SEC v. Forex Asset Mgmt., LLC</i> , 242 F.3d 325 (5th Cir. 2001).....	19
<i>SEC v. Hardy</i> , 803 F.2d 1034 (9th Cir. 1986).....	17, 19, 20
<i>SEC v. Wencke</i> , 622 F.2d 1363 (9th Cir. 1980).....	16

Statutes

28 U.S.C. § 1651(a)	19
---------------------------	----

MEMORANDUM OF POINTS AND AUTHORITIES

Thomas Seaman, the Court-appointed Receiver herein, respectfully submits this Memorandum of Points and Authorities in Support of his motion to conclude the receivership and to: (1) approve the sale of the Cline Judgment and California Business Bank ("CBB") Stock; (2) authorize the Receiver to establish a reserve and make administrative payments and final distributions to claimants; (3) approve stipulation related to the claim of the SBA; (4) approve final accounting and report; (5) approve destruction or transfer of books and records; (6) approve release of Feathers reserve funds; and (7) discharge the Receiver ("Motion"). The Receiver and his counsel have filed their fee applications concurrently herewith.

The Receiver has monetized all but two assets of the receivership estate. If the Court approves the sale of the Cline Judgment and CBB stock, then all assets of the receivership will have been liquidated and final distributions to investors can be made. If the Court grants the additional relief requested herein, then the Receiver can take the steps necessary to conclude the receivership.

In the Receiver's First Interim Report (Dkt. No. 30), the Receiver estimated the value of the assets of the Receivership Entities to be approximately \$34.1 million. Ultimately, investors will have recovered more than \$35.2 million from the receivership estate or more than 88% of their investments, using a rising tide methodology. This is an exceptional result in any case involving securities fraud, and especially in one involving extensive commingling, inter-company transfers, and Ponzi-like operations. The relief sought herein will allow the Receiver to take the remaining steps necessary to conclude the receivership, including making final distributions to investors.

I. RECEIVER'S FINAL REPORT AND ACCOUNTING

A. Stabilizing the Enterprise

Pursuant to the *Ex Parte* Motion for a Temporary Restraining Order and Orders (1) Freezing Assets; (2) Prohibiting the Destruction of Documents; (3) Granting Expedited Discovery; (4) Requiring Accountings; and (5) Appointing a Temporary Receiver; and An Order to Show Cause re Preliminary Injunction and Appointment of a Permanent Receiver ("TRO") filed

1 by the Securities and Exchange Commission ("Commission"), the Receiver was appointed
 2 temporary receiver for the Receivership Entities on June 26, 2012. Dkt. No. 16. The Receiver
 3 was made permanent on July 10, 2012, pursuant to the Preliminary Injunction and Orders:
 4 (1) Freezing Assets; (2) Prohibiting the Destruction of Documents; (3) Requiring Accountings;
 5 and (4) Appointing a Permanent Receiver ("PI Order"). Dkt. No. 34.

6 Upon his appointment, the Receiver immediately took possession of the Receivership
 7 Entities including the company offices located at 419 S. San Antonio Road, Los Altos, California
 8 ("Premises"). The Receiver promptly evaluated the operations and financial performance of the
 9 Receivership Entities and determined the operating expenses of the business, together with
 10 distributions being made to investors, vastly exceeded revenue being generated by the loans which
 11 were the primary assets of the Receivership Entities. In short, the enterprise was rapidly
 12 consuming cash, putting investors at significant risk of losing most, if not all, of their investments.
 13 Moreover, in order to fund the accumulated cash shortfall, SBCC, the manager ("Manager"),
 14 acting on behalf of IPF and SPF (collectively, "Funds"), had borrowed more than \$7 million from
 15 the fund raising Receivership Entities in contravention of the Private Placement Memoranda and
 16 in violation of generally accepted accounting principles.

17 Had the TRO and PI Order not been entered, investor funds would have rapidly dissipated.
 18 Accordingly, the Receiver took immediate action to reduce operating expenses by terminating 24
 19 of 28 employees. Shortly thereafter, the Receiver closed the SBCC office and moved operations
 20 to the Receiver's offices in Irvine, California, thereby eliminating office expenses such as rent,
 21 insurance, utilities and a variety of other expenses. As a result of these actions and proper
 22 servicing of the Receivership Entities' loan portfolios, operations were turned into a cash positive
 23 fiscal condition. Over the life of the receivership, the Receivership Entities have generated
 24 significant operational earnings. The Receiver has also been able to generate excellent value for
 25 the estate through the marketing and Court-approved sales of the loan portfolios and
 26 SBLC license, marketing and sale of real property assets (Natoma, Sweet Fingers, and Whiskey
 27 Junction properties), and resolution of problem loans. Accordingly, investors will recover over
 28 88% of their principal investments.

1 **B. Receiver's Accounting**

2 The Receiver was ordered to conduct a forensic accounting of the sources and uses of
 3 investor funds. The Receiver filed his Forensic Accounting Report on June 27, 2013. Dkt.
 4 No. 557. The Forensic Accounting Report concluded that the Funds did not generate profit equal
 5 to or greater than the amount they posted in member statements as mortgage pool distributions.
 6 As a result, at the time of the Receiver's appointment the members' equity exceeded the assets by
 7 approximately \$13.1 million. Despite the inability to pay mortgage pool distributions from their
 8 cash basis net income, the Funds transferred large amounts of cash to the Manager to pay the
 9 Manager's expenses. As reflected in the Forensic Accounting Report, \$9.24 million was
 10 transferred from the Funds to the Manager. Of this amount, \$1.773 million was returned by the
 11 Manager to the Funds, and therefore a net of \$7.467 million was paid by the Funds to the
 12 Manager.

13 As a result of the insufficient income to make investor mortgage pool distributions and cover
 14 operating expenses of the Manager, the Receivership Entities used several types of transactions to
 15 create liquidity and fund cash needs. The money was transferred in various ways to the Manager to
 16 cover operating expenses, payroll, and other expenses. These transactions included:

- 17 • Transfers of cash between Funds;
- 18 • Loans by the Funds to the Manager;
- 19 • Payment of management fees;
- 20 • Payments by the Manager back to the Funds;
- 21 • Payment of loan premiums on inter-Fund loan transfers;
- 22 • Reimbursement of expenses;
- 23 • Payment of syndication costs;
- 24 • Transfers of loans between Funds;
- 25 • Transfers of investor accounts between Funds;
- 26 • Investments by one Fund in another and subsequent transfers back to the original
- 27 Fund; and
- 28 • "Reinvesting" of investor interest payments in lieu of cash payments.

1 If all the Receivership Entities are consolidated and treated as a single entity, the Funds
 2 and Manager operated at substantial losses. That is, as of the date of the Receiver's appointment,
 3 the enterprise's expenses of \$15,457,185, exceeded revenue of \$11,065,467 by \$4,391,718. As
 4 such, there was no money with which to make distributions to investors.

5 The financial behavior of the Receivership Entities was driven by competing liquidity
 6 needs of making mortgage pool distributions, covering the expenses of the Manager, and funding
 7 new loans. The constant liquidity crises experienced by the Funds and the Manager resulted in a
 8 very high volume and complex web of transactions to unravel and analyze.

9 In addition to informing the Court and investors how investor funds were used and
 10 establishing a foundation for claims analysis and distributions, the Receiver's Forensic Accounting
 11 Report was necessary for the preparation of pre-receiver tax returns for 2011 and 2012 as well as
 12 to address an IRS audit relating to pre-receivership periods. The accounting also assisted with
 13 determining claims and amounts owing to the Receivership Entities, and the cost basis of assets
 14 for use in establishing a Qualified Settlement Fund ("QSF").

15 **C. Loan Servicing and Asset Disposition**

16 The primary assets of the Receivership Entities were loan portfolios comprised of
 17 SBA 7(a) loans, SBA 504/FMLP loans, and non-SBA loans. Certain of the Receivership Entities
 18 were non-bank lenders that originated loans and sold the SBA guaranteed portions of the loans,
 19 retaining the unguaranteed portions. The total face value of the loans was approximately
 20 \$100,000,000, while the portion retained by the Receivership Entities was approximately
 21 \$25.4 million. At the time of the Receiver's appointment, there were 72 loans. As an SBA non-
 22 bank lender, certain Receivership Entities were obligated to service the \$100,000,000 loan
 23 portfolio and were paid servicing fees, which compensated them for meeting the many regulatory
 24 requirements imposed by the SBA. These obligations include, among other things:

- 25 (a) collecting and monitoring borrower loan payments;
- 26 (b) monitoring property tax payments, insurance payments, and financial statements;
- 27 (c) site visits;

28

- 1 (d) accounting for all payments of principal and interest, and disbursing amounts due
- 2 to loan participants;
- 3 (e) administering problem loans and evaluating potential loan modifications and
- 4 forbearances;
- 5 (f) providing notice of or seeking SBA approval of certain servicing actions in
- 6 accordance with the SBA's requirements;
- 7 (g) enforcing lender's rights through default notices, foreclosures, enforcement of
- 8 guarantees, and related actions;
- 9 (h) disposition and accounting for proceeds of collateral sales.

10 The servicing requirements for the SBA 7(a) and SBA 504 loans are set forth in the SBA's
 11 operating procedures, SBA SOP 5057 (2). During the receivership, the Receivership Entities were
 12 paid \$3,300,913.62 in servicing fees pursuant to the loan agreements for managing the SBA
 13 Loans. Due to the cost efficient manner in which the Receiver managed the SBA Loans, these
 14 fees significantly exceeded the actual cost to service the loan portfolios, and therefore contributed
 15 significantly to the very successful recovery for investors. The cost of servicing the loans
 16 decreased throughout the receivership because, among other things, the Receiver resolved problem
 17 loans, loans were paid off, and the Receiver sold the loan portfolios with Court approval. The
 18 loan portfolios also generated interest income of \$3,226,044.05 during the receivership. Had the
 19 TRO and PI Order not been entered, the servicing and interest income would have likely been
 20 consumed by the expenses of the Manager.

21 A significant portion of the Receiver's loan servicing function involved administering
 22 problem loans. At the time of Receiver's appointment, many of the loans exhibited characteristics
 23 of being impaired, such as monetary defaults, late payments, insurance cancellations, failure to
 24 pay property taxes, and non-monetary defaults. Problem loans were discussed in the Receiver's
 25 quarterly interim reports to the Court. The Receiver aggressively enforced the lenders' rights and
 26 either foreclosed, entered into forbearance agreements, or otherwise resolved the credit issues.
 27 The Receiver worked first to resolve the immediate problem loans, did so, and sought Court
 28 approval thereof. When it came time to sell the loans, the Receiver segregated the few remaining

1 weaker loans and marketed the SBA 7(a) and 504/FMLP loan portfolios without any non-
2 performing loans.

3 The 504/FMLP loan portfolio was sold first at 110% of par. The 7(a) loans, which carried
4 more risk to the lender and thus were a more complicated transaction, sold for 90% of par. The
5 SBLC license was sold for \$1.2 million. The value of the license on the books of the Receivership
6 Entities was \$750,000. The non-SBA loans, which were of poorer credit quality, were sold for
7 60% of par.

8 In addition to the loans, the Receiver also oversaw the real estate assets and so-called
9 "legacy" loans. These assets were challenging as they involved idiosyncratic, one-off ventures,
10 including Whiskey Junction, a failed bar and restaurant in the Sacramento delta; Sweet Fingers, a
11 Jamaican restaurant in Oakland; Bay Road, an early stage poorly-structured construction project;
12 Brannon Country Inn, a struggling bed and breakfast in wine country; and Kallapa Rampur, an
13 environmentally challenged gas station in Oakland. The Receiver strategically developed and
14 marketed these assets and ultimately sold or otherwise resolved each for a substantial recovery.

15 **D. Receiver Reporting and Communications**

16 The Receiver kept investors and interested parties informed of his activities and results by
17 regularly updating a website dedicated to the receivership (www.sbcapitalreceiver.com). The
18 Receiver also filed detailed quarterly accounting reports that kept investors and the Court advised
19 as to the amount of money recovered, the financial position of the receivership estate, and efforts
20 to recover funds for the benefit of investor victims. The Receiver also gave detailed information
21 on all "watch-list" loans.

22 Many investors were initially against the appointment of a receiver. This resulted
23 primarily from Mr. Feathers' campaign to discredit the Commission, the Court, and the Receiver
24 via inflammatory letters and emails to investors. These letters and emails would trigger numerous
25 calls and emails from confused and angry investors. As the receivership progressed, assets were
26 sold, and distribution checks were issued, investor confusion and anxiety dissipated.

27 Despite the website updates, letters and reports, many investors frequently called the
28 Receiver's office. Ironically, although website updates were made to inform investors and reduce

1 incoming calls, the updates often triggered investor calls, with a handful of investors calling every
 2 time the website was updated. The Receiver did his best to be responsive, while also trying to
 3 minimize administrative expenses. The Receiver billed his calls with investors at a rate of
 4 \$100 per hour, rather than \$375.

5 **E. Actions of Mr. Feathers**

6 Throughout this case, the Receiver and his counsel have received harassing letters and
 7 emails from defendant Mark Feathers. Virtually all motions and reports filed by the Receiver
 8 were objected to by Mr. Feathers. Mr. Feathers repeatedly attacked the Receiver and his counsel
 9 with absolutely no grounds, which attacks were rejected by the Court.

10 Mr. Feathers sought leave to sue the Receiver on several occasions (all of which were
 11 rejected by the Court), filed a complaint against the Receiver's counsel with the State Bar of
 12 California (which was determined to have no merit), lodged a complaint against the Receiver with
 13 the Chartered Financial Analyst Institute (which was determined to have no merit), and sought to
 14 intervene in an unrelated Commission case in the Central District of California in which
 15 Mr. Seaman was appointed receiver (which request was summarily rejected by the appointing
 16 district court).

17 The Receiver and counsel have made every effort to minimize the cost associated with and
 18 the impact upon the receivership of Mr. Feathers' actions. Despite the efforts by the Receiver and
 19 his counsel to interact in a civil, professional manner, Mr. Feathers continues to attack the
 20 Receiver and oppose virtually every action taken by the Receiver in the receivership.

21 **F. Receivership Accounting**

22 Attached hereto as Exhibit A are cash basis financial statements from inception of the
 23 receivership through the present, as well as a Profit and Loss Statement, Balance Sheet, and a
 24 redacted General Ledger for December 31, 2015, through the present.

25
 26
 27
 28

From inception of the receivership through the present, the total gross receipts were \$69,935,104.75¹ and are comprised of funds from the following sources:

Turnover/seizure of bank accounts	\$10,257,682.00
Asset sales	
SBA 7-(a) loan portfolio	3,767,312.87
SBA license	1,200,000.00
All other assets	<u>1,501,480.76</u>
Total asset sales	13,923,026.82
Loan principal payments	11,225,662.26
Loan servicing income	3,300,913.62
Loan interest income	3,226,907.95
BusinessUS sale deposit forfeited	300,000.00
Collections on Cline Judgment	87,969.47
Refunds	56,785.28
Rental income	50,830.00
Late fees	39,361.09
Interest income	<u>12,468.21</u>
Sub-Total operating revenue	\$42,481,606.70
Loan payments collected, due to participating lenders	<u>27,453,498.05</u>
Total gross receipts	<u><u>\$69,935,104.75</u></u>

The Profit and Loss Statement provides a detailed summary of operating expenses of the receivership. Together with cash disbursements reflected on the balance sheet, the total disbursements were \$57,994,159.04. Disbursements were comprised of payments in the following categories:

¹ Gross receipts do not include \$4.8 million in earnest money deposits collected from and returned to unsuccessful bidders.

1	Borrower payments due to participating lenders	\$27,436,697.10
2	Income taxes	\$788,244.31
3	Loan payments	\$400,140.04
4	Advances to borrowers	\$426,994.30
5	Payroll expenses	\$340,138.54
6	All other operating expenses	\$789,075.55
7	Sub-total operating disbursements	<u>\$30,181,289.84</u>
8	Professional fees:	
9	Receiver	1,946,596.75
10	Allen Matkins	1,028,758.63
11	Accounting	226,854.61
12	Other professionals	<u>42,515.60</u>
13	Total professional fees	3,244,725.59
14	Distributions to investors and claimants	<u>24,568,143.61</u>
15	Total disbursements	<u><u>\$57,994,159.04</u></u>

19 II. CLOSING MATTERS

20 As of the date of the filing of this Motion, the Receiver is holding cash in the total amount
21 of \$11,740,945.71 (not including the \$200,000 reserve for Feathers' legal fees). If the Court
22 approves of the sale of the Cline judgment, the settlement with CBB, the fee applications of the
23 Receiver and his counsel filed concurrently herewith, and allows the Receiver to establish the
24 \$275,000 reserve discussed below, there will be \$10,687,508.01 available for distribution to
25 investors and non-investor claimants. As detailed below, the breakdown of the cash on hand and
26 to be recovered as well as the expenses and reserves is as follows:

27
28

1	Cash on hand	\$11,740,945.71
2	Recovery from sale of Cline Judgment	23,500.00
3	Recovery from CBB Settlement	650,000.00
4	Sale of CBB Stock	0.00 ²
5	Feathers Reserve	200,000.00
6	Payment to SBA per stipulation	(41,948.78)
7	2015 tax returns preparation fees	(16,648.00)
8	Storage fees	(940.00)
9	Website and misc. expenses	(2,000.00)
10	Receiver requested fees/costs per fee application	(847,330.75) ³
11	Allen Matkins requested fees/costs per fee application	(743,070.17) ⁴
12	Reserve	(275,000.00)
13	Total available for distribution	<u>\$10,687,508.01</u>

14 To facilitate the distribution and bring the receivership to a close, the following tasks need
15 to be accomplished:

16 **A. Asset Sales and Recoveries**

17 **1. Sale of the Cline Judgment**

18 In April 2008, SBCC filed a lawsuit against E.C.I. Corporation ("ECI"), whose principal
19 was Peter Cline. The litigation arose from the February 2007 purchase by SBCC of a second deed
20 of trust. ECI violated the recourse provisions of the second deed of trust and a default judgment in
21 the amount of \$279,036 was entered on June 3, 2010, against ECI and Cline. At the time of the
22 judgment, Mr. Cline's only collectible asset was his account in Coast Capital Income Fund
23 ("CCIF"). The Receiver conducted an asset search to verify this fact and found only assets of
24 limited value. At present, the receivership collects 70% of Mr. Cline's CCIF distributions, with

25 _____
26 ² See Section II.A.3. below.

27 ³ Includes fees requested in the Receiver's Twelfth Interim Fee Application, which is set to be
heard on June 30, 2016. Dkt. No. 1128.

28 ⁴ Includes fees and costs requested in Allen Matkins' Twelfth Interim Fee Application, which is
set to be heard on June 30, 2016. Dkt. No. 1129.

1 the remaining 30% being paid to Mr. Cline's former spouse. The Receiver is informed by CCIF
 2 that they intend to wind down in the next year, at which time distributions would stop. This
 3 explains why CCIF's payments have been sporadic - they only come as CCIF's assets are
 4 liquidated. To date, \$110,557 has been paid against the judgment. The current unpaid balance of
 5 the judgment with simple interest is approximately \$300,000. The remaining value of the assets as
 6 stated on CCIF's reports is \$9.9 million, however there is no certainty that amount will be
 7 generated through a sale of remaining assets. Based upon Cline's interest in CCIF, the Receiver
 8 estimates the remaining recovery from Cline/CCIF would range from \$35,000 to \$52,000 over the
 9 course of the next year. This estimate is based on CCIF recovering from 67% to 100% of the
 10 book value of the remaining assets.

11 Mr. Feathers recently sent an email stating he intended to request the Court to transfer the
 12 judgment to him to fund his criminal defense. Given the final judgment, the Receiver cannot
 13 discern a legal basis for returning the asset to Mr. Feathers.

14 The Receiver has identified a buyer, EDS Financial, willing to pay \$28,500 for the
 15 judgment. Given the relatively small expected recovery on the judgment, the cost of collection,
 16 the uncertainty of recovery, and the delay in closing the estate that would result from holding the
 17 asset, the Receiver recommends and requests that the Court approve the sale.

18 2. California Business Bank Settlement

19 The Receiver sought and was granted authority to sue California Business Bank ("CBB")
 20 and related individuals for misleading the Receivership Entities in connection with their purchase
 21 of CBB stock, which plummeted in value within weeks of the investment. The case has been
 22 settled, subject to Court approval. The Receiver's motion for approval of the settlement is set to be
 23 heard on June 30, 2016. Dkt. No. 1159. Upon approval of the settlement, the Receiver will
 24 receive \$650,000.00.

25 3. Sale of California Business Bank Stock

26 The Receivership Entities, namely Investors Prime Fund, LLC and IPF Banc
 27 Servicing, LLC, each own 165,000 shares of the common stock of California Business Bank
 28 ("CBB"). As discussed above, the Receiver sued CBB over alleged misrepresentations impacting

1 the value of this stock. The Receiver settled with CBB, however, the disposition of the CBB stock
2 was not addressed in the settlement.

3 With the receivership estate in a position to soon close, the Receiver requests authority to
4 sell the 330,000 shares. The shares are publically traded under the symbol CABB. The Receiver
5 requests approval to sell the shares on the open market at whatever price the market will bear. The
6 Receiver has consulted with a stock transfer agent who has indicated the current value (as of
7 May 31, 2016) is approximately \$.28 per share. The shares are very thinly traded. The book value
8 is \$.116 per share. The Receiver expects it may take several months to sell these shares and that
9 the sale will generate less than \$50,000.

10 4. Release/Distribution of \$200,000 Held for Feathers' Legal Fees

11 The Court previously ordered the Receiver to set aside \$200,000 of cash in the receivership
12 estate for the potential reimbursement of Mr. Feathers' legal fees in the event he prevailed in this
13 matter. (Dkt. No. 70.) The Court then granted the Commission's motion for summary judgment
14 and a final judgment was entered against Mr. Feathers. In light of the foregoing, the Receiver
15 requests authority to cease holding the \$200,000 and payout these funds to investors and non-
16 investor claimants as part of the final distribution.

17 **B. Establishment of a Reserve and Distributions to Claimants**

18 As discussed above, the Receiver presently holds \$11,740,945.71 (not including the
19 \$200,000 reserve for Feathers' legal fees). As noted above, the Receiver anticipates he will
20 recover an additional \$673,500.00 from the settlement with CBB and sale of the Cline judgment.
21 The Receiver seeks authority to distribute \$10,687,508.01, to investors and other claimants in
22 accordance with this Court's Order Approving Omnibus and Specific Claims Objections ("Claims
23 Order") (Dkt. No. 626-2) and Order Approving Receiver's Distribution Plan, and Authorizing
24 Interim Distributions ("Plan") (Dkt. No. 711) and establish a reserve of \$275,000 ("Reserve") to
25 cover taxes owed by the receivership estate, as well as fees and costs of the Receiver and Allen
26 Matkins necessary to close the receivership, including those necessary to address appeals filed by
27 Mr. Feathers. In addition, the Receiver requests authority to make final distributions to investor
28 claimants and non-investor claimants, upon resolution of the appeals and payment of taxes.

1. Establishment of Reserve

The Receiver seeks authority to establish a cash Reserve to be used for the following purposes: (a) pay fees and costs of the Receiver and Allen Matkins to address the seven currently pending appeals filed by Mr. Feathers and Natalie Feathers (as well as any future appeals);⁵ (b) pay fees and costs incurred in selling the Cline Judgment and CBB stock; (c) defend threatened lawsuits against the Receiver and Allen Matkins by Mr. Feathers; (d) pay the costs to prepare and file the 2016 Qualified Settlement Fund income tax returns and pay such 2016 income taxes as may be due; (e) pay the Receiver for work that may be required in the pending criminal matter against Mr. Feathers, potentially including time to testify at trial regarding his accounting; and (f) pay costs incurred in making final distributions.

The Receiver estimates the legal fees and costs of addressing the seven pending appeals will be in the range of \$25,000 - \$40,000, depending how the Ninth Circuit Court of Appeals proceeds. If, as threatened, Mr. Feathers files two additional appeals, then an additional \$25,000 to \$35,000 in fees and costs will be incurred in preparing opposition briefs, excerpts of record, and otherwise addressing the appeals.

The Reserve is also needed to fund the cost of preparing the 2016 tax returns and paying the income tax due for 2016. The Receiver will incur additional fees to complete the tasks set forth in this motion. The AUSA has also requested ongoing assistance from the Receiver. To the extent the Receiver will be called upon to testify, the Receiver should be compensated for the time to prepare and testify. The Reserve requirements can be summarized as follows:

Receiver fees	\$45,000
Allen Matkins fees	75,000
2016 tax preparation	10,000
2016 income taxes and contingency	145,000
	<hr/>
Total Reserve requirement	<u>\$275,000</u>

⁵ On May 24, 2016, Mr. Feathers set an email to the Receiver and counsel for the Commission stating his intent to file two additional appeals.

1 The Receiver requests authorization to use the funds from the Reserve to pay his fees and
 2 costs, his counsel's fees and costs, tax preparation fees, and tax payments, without further order of
 3 the Court. Once the appeals have been resolved, and taxes are paid, the Receiver will file a
 4 declaration with the Court setting forth the detailed accounting of disbursements from the Reserve.
 5 The Receiver will then make a final distribution to investors using any residual funds from the
 6 Reserve and/or turn over the balance to the Commission.

7 2. Proposed Distributions

8 The Receiver is currently holding cash in the amount of \$11,740,945.71. If the Court
 9 approves the payment of the Receiver's fees and costs and those of his professionals, approves the
 10 establishment of the Reserve, approves the sale of the Cline judgment, approves the release of the
 11 \$200,000 Feathers' reserve, and approves the CBB settlement, then, upon receipt of the CBB
 12 settlement proceeds and the Cline judgment sale proceeds, there will be \$10,687,508.01 available for
 13 distribution to investors and non-investor claimants.

14 In the event any investors or non-investor claimants have not negotiated their distribution
 15 check(s) and/or there is less than \$25,000 remaining in the Reserve at the conclusion of the
 16 appeals, then the Receiver shall pay such funds to the Commission for turnover to the United
 17 States Treasury following 90 days after the issuance of the check. If there is more than \$25,000
 18 remaining in the Reserve at the conclusion of the appeals, the Receiver will distribute the funds to
 19 investors and non-investor claimants pursuant to the Claims Order and Plan.

20 C. Outstanding Claims Issues

21 1. SBA Claim

22 During the claims process, the SBA submitted a claim for \$24,181,665.40. The claim is
 23 for contingent liabilities the SBA could incur in connection with the SBA loans issued by the
 24 Receivership Entities. The Receiver objected to the claim. In connection with the first
 25 distribution to investors, the Receiver and the SBA agreed to establish a \$4,000,000 reserve for the
 26 SBA claim and defer resolution of the SBA's contingent claims until the loan portfolios could be
 27 sold and the purchaser of the loan portfolios and license assumed certain obligations of the
 28 Receivership Entities. As set forth in a recently filed stipulation, the SBA has withdrawn its claim

1 in exchange for a payment of \$41,948.78 and agreed that the \$4,000,000 held in reserve may be
2 distributed to investors and non-investor claimants.

3 2. BusinessUS

4 While BusinessUS has not formally taken any action to assert a claim, the Receiver is
5 informed BusinessUS claims to be entitled to recover the \$300,000 deposit it made in connection
6 with the failed purchase of the 7a loans and SBLC license. The Receiver has advised BusinessUS
7 that their claim has no merit because, among other reasons, BusinessUS breached its contract to
8 purchase the 7a loans and license and, by its own actions, made it impossible to close the sale. As
9 such, the Receiver has rejected this claim. The Receiver has given BusinessUS notice of this
10 motion and requests an order barring any claims against the Receiver or the receivership estate in
11 accordance with the discharge of the Receiver.

12 **D. Destruction of Records**

13 The Receiver presently stores loan files, records for the Receivership Entities' operations,
14 personnel files, investor files, and miscellaneous documents and electronic records. Typically, the
15 Receiver would destroy all records at the close of a receivership. In this instance, the Receiver
16 seeks approval to turn such books and records over to the United States Attorney's Office
17 ("USAO") for use in the pending criminal matter against Mr. Feathers and to destroy the
18 remaining files and delete all digital records. The Receiver proposes to give the USAO 60 days to
19 make a decision as to what, if any, records they wish to take. The balance of the records will be
20 destroyed.

21 **E. Discharge of Receiver**

22 The Receiver has successfully completed all work required under the TRO and PI Order.
23 The assets were marshalled, protected and successfully monetized, the accounting was completed
24 and the claims of investors and others were adjudicated. As such, it is appropriate for the Receiver
25 to ask the Court to enter an order discharging the Receiver upon the following conditions:

26 1. The Receiver shall complete the tasks outlined in this Motion including the sale of
27 assets, preparation of tax returns, and payment of taxes;
28

2. Upon completion of the sale of assets, the Receiver shall make a distribution of \$10,687,508.01, to investors and non-investor claimants in accordance with the approved Distribution Plan, Docket No. 628, Exhibit A;

3. The Receiver will set up a Reserve of \$275,000, plus such funds as may be generated by the sale of the CBB Stock, and the Receiver is authorized to use such Reserve funds for the purposes described in Section B.1. above;

4. The Receiver shall address the pending appeals and any new appeals filed by Mr. Feathers;

5. Upon final adjudication or other resolution of the appeals, including, but not limited to, the appeal by Mr. Feathers of the Court's judgment entered in this case, and payment of the fees and costs of the Receiver and his professionals, the Receiver shall make a final distribution in accordance with the Distribution Plan to investors and non-investor claimants of any of the remaining funds in the Reserve, unless there is less than \$25,000 remaining in the receivership estate;

6. In accordance with the Distribution Plan, following 120 days after the final distribution to claimants, the Receiver shall turn over to the Commission any balance of funds; and

7. Following the adjudication or resolution of the appeals, the Receiver may file a declaration with the Court providing a final accounting regarding his use of the Reserve funds along with an order discharging the Receiver ("Discharge Order"), in the form attached hereto as Exhibit B, which Discharge Order may be entered by the Court without further notice or a hearing.

III. ARGUMENT

A. Broad Equitable Powers of the Court

"The power of a district court to impose a receivership or grant other forms of ancillary relief does not in the first instance depend on a statutory grant of power from the securities laws. Rather, the authority derives from the inherent power of a court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court

1 for the benefit of creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). As the
 2 appointment of a receiver is authorized by the broad equitable powers of the Court, any
 3 distribution of assets must also be done equitably and fairly. *See SEC v. Elliot*, 953 F.2d 1560,
 4 1569 (11th Cir. 1992).

5 District courts have the broad power of a court of equity to determine the appropriate
 6 action in the administration and supervision of an equity receivership. *See SEC v. Capital*
 7 *Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). As the Ninth Circuit explained:

8 A district court's power to supervise an equity receivership and to
 9 determine the appropriate action to be taken in the administration of
 10 the receivership is extremely broad. The district court has broad
 11 powers and wide discretion to determine the appropriate relief in an
 12 equity receivership. The basis for this broad deference to the district
 court's supervisory role in equity receiverships arises out of the fact
 that most receiverships involve multiple parties and complex
 transactions. A district court's decision concerning the supervision
 of an equitable receivership is reviewed for abuse of discretion.

13 *Id.* (citations omitted); *see also Commodities Futures Trading Comm'n. v. Topworth Int'l, Ltd.*,
 14 205 F.3d 1107, 1115 (9th Cir. 1999) ("This court affords 'broad deference' to the court's
 15 supervisory role, and 'we generally uphold reasonable procedures instituted by the district court
 16 that serve th[e] purpose' of orderly and efficient administration of the receivership for the benefit
 17 of creditors."). Accordingly, the Court has broad equitable powers and discretion in the
 18 administration of the receivership estate and disposition of receivership assets.

19 **B. The Proposed Asset Sales are Fair and Reasonable**

20 As reflected above, the Receiver seeks authority to sell the remaining assets of the
 21 receivership estate; namely, the Cline Judgment and CBB Stock ("Assets"). The sales proposed by
 22 the Receiver will generate the highest net recovery from the Assets in light of their unique nature
 23 and limited value.

24 There is no public market for the sale of the Cline Judgment. As such, the Receiver
 25 explored the limited universe of buyers for such a unique asset, the value of which is highly
 26 speculative. As discussed above, the buyer faces substantial hurdles with regard to collection and
 27 timing of future payments. The Receiver believes the sale of the Cline Judgment to EDS Financial
 28

1 achieves the goal of obtaining the highest price that could be obtained under the facts and
2 circumstances.

3 Similarly, the CBB Stock while publically traded, has a very limited value based upon the
4 marketplace for such stock. As such, the Receiver requests latitude to sell the shares of CBB in
5 the ordinary course of business for the best price that can be obtained within the next 90 days.

6 Further, the Receiver requests the Court waive the procedural requirements set forth in
7 28 U.S.C. § 2004 for the sales of the Assets. The Receiver has already entertained competitive
8 offers from qualified purchasers, while not spending substantial time and money to market or
9 conduct an auction. Through this approach, the Receiver believes the receivership estate will
10 recover an amount reflecting the present value of the Assets, while minimizing administrative
11 expenses associated with the sales.

12 **C. Relief Regarding Mr. Feathers**

13 As the Court is aware, Defendant Mark Feathers has been extremely vociferous in
14 attacking the Receiver and objecting to virtually all actions taken by the Receiver. He has moved
15 to sue the Receiver on several occasions (Dkt. Nos. 296, 577), requested reconsideration of the
16 majority of the Court denials of his initial requests for various forms of relief, moved for sanctions
17 against counsel for the Commission, and filed seven appeals to the Ninth Circuit. Mr. Feathers
18 has also filed complaints with the California State Bar with respect to the Receiver's counsel
19 (which were found to lack merit), filed a claim with the Chartered Financial Analyst Institute
20 against the Receiver (which was found to lack merit), attempted to intervene in a separate federal
21 equity receivership in the Central District of California in which Mr. Seaman was appointed
22 (which motion was summarily denied), and sent numerous threatening communications to the
23 Receiver and his counsel. As recently as May 24, 2016, Mr. Feathers threatened to file two new
24 appeals and made personal attacks upon the Receiver and his counsel. This recent threat is
25 consistent with prior threats in that Mr. Feathers, again, states his intention to file actions against
26 the Receiver. Given the history of Mr. Feathers' actions, it is likely he will continue to pursue
27 claims against the Receiver and his counsel after the Receiver is discharged. Consequently, the
28

1 Receiver requests specific limited relief to protect against continued litigation and expense after
2 the Receiver is discharged.

3 It is well-settled that federal courts can, pursuant to the All Writs Act, 28 U.S.C. § 1651(a):
4 "regulate the activities of abusive litigants by imposing carefully tailored restrictions under
5 appropriate circumstances." *DeLong v. Hennessey*, 912 F.2d 1144, 1147 (9th Cir. 1990); *Molski v.*
6 *Evergreen Dynasty Corp.*, 500 F.3d 1047 (9th Cir. 2007). It is under this authority that federal
7 judges may declare a party to be a vexatious litigant. *DeLong*, 912 F.2d at 1147. Moreover, the case
8 law is clear that a district court's power to administer an equity receivership is extremely broad.
9 *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986); *SEC v. Forex Asset Mgmt., LLC*, 242 F.3d 325,
10 331 (5th Cir. 2001); *SEC v. Basic Energy & Affiliated Res.*, 273 F.3d 657, 668 (6th Cir. 2001).

11 Here, the Receiver is not seeking an order declaring Mr. Feathers a vexatious litigant or
12 prohibiting from filing any litigation. Instead, the Receiver seeks an order prohibiting
13 Mr. Feathers from commencing any action against the Receiver or his professionals (including his
14 company, employees, and counsel) in any court other than this Court. The Receiver further
15 requests the Court exercise its broad discretion to enter a pre-filing injunction which allows the
16 Court to review any lawsuits filed by Mr. Feathers against the Receiver or his professionals to
17 determine whether there is any validity to the claims made before requiring a response from the
18 Receiver or his professionals. That is the way things currently stand under the Barton Doctrine,
19 *i.e.*, Mr. Feathers must seek leave from this Court before suing the Receiver and that rule should
20 remain in effect.

21 This Court has already considered several requests by Mr. Feathers to sue the Receiver and
22 has found each of them to lack merit. The Court has also presided over the receivership for the
23 past four years and is therefore in the best position to efficiently assess the validity of claims
24 Mr. Feathers may assert against the Receiver or his professionals.

25 Mr. Feathers' Court filings as well as his correspondence to the Receiver and his counsel
26 throughout this case clearly show his repeated efforts to harass and intention to continue harassing
27 the Receiver and his counsel and to assert claims without any legal basis. Mr. Feathers has
28 threatened to sue the Receiver and/or his counsel more than 35 times, most recently on May 24,

2016, and has vowed to continue to fight for years to come. Mr. Feathers has sent Mr. Seaman and Mr. Zaro over 300 unsolicited emails. Many contain personal attacks, make unfounded accusations of impropriety, and contain profanity. *See* Declaration of Thomas Seaman filed herewith, Exhibit A.

As noted above, the Receiver is not asking the Court to prohibit Mr. Feathers from filing any litigation. Rather, the Receiver simply seeks to avoid the expense of defending claims that are fundamentally inconsistent with the Court's prior orders and the requested discharge order. The requested retention of jurisdiction and pre-filing restriction will insure the Receiver and his professionals are not forced to incur attorney fees and costs as a result of Mr. Feather's continuing crusade to re-litigate issues already decided by this Court. If the Court believes Mr. Feathers has asserted valid claims that fall outside the Court's orders and the Receiver's work in performing his Court-ordered duties, it can direct the appropriate persons to respond.

D. Conclusion of Receivership and Discharge of Receiver

Federal District Courts presiding over federal equity receiverships have broad power and wide discretion in the supervision of the same. *SEC v. Hardy*, 803 F.2d 1034, 1037-38 (9th Cir. 1986). Their power and discretion includes the authority to "make rules which are practicable as well as equitable." *Id.* at 1039 (*quoting First Empire Bank-New York v. FDIC*, 572 F.2d 1361, 1368 (9th Cir. 1978)). In this case, the Court's appointment of the Receiver is guided by these same rules.

The Receiver has been very successful in administering the case, including assuming control of enterprises, marshalling and selling assets, performing a forensic accounting, pursuing claims, providing detailed reports to the Court, conducting a claims process, and ultimately distributing more than \$35 million such that investors will have recovered more than 88% of their investments. As there is no further benefit to be gained from maintaining this receivership, the Receiver requests that he be discharged and the case be closed, effective upon completion of the final closing tasks as described in this Motion.

Effective upon completion of the closing tasks discussed in Section II.E. above, the Receiver requests the Discharge Order (attached hereto as Exhibit B) be entered, which order

1 discharges the Receiver and fully releases the Receiver and counsel of: (i) all duties under the
 2 Orders, and (ii) any and all claims and liabilities associated with the case and the Defendants. In
 3 addition, the Receiver asks the Court to approve and ratify all actions taken by the Receiver and
 4 his professionals in the performance of their Court-ordered duties. The Receiver further requests
 5 the Court retain exclusive jurisdiction over any and all new actions or claims asserted by
 6 Mr. Feathers or others related to the receivership or work done by the Receiver and his
 7 professionals to carry out the Receiver's Court-ordered duties. It is necessary and appropriate to
 8 issue the requested "conditional" discharge order (effective upon completion of remaining tasks)
 9 in light of the likelihood of an appeal of any discharge order by Mr. Feathers and the need to
 10 resolve the appeals and pay fees and costs associated with the appeals before finally closing the
 11 receivership.

12 **IV. CONCLUSION**

13 For the foregoing reasons, the Receiver respectfully requests the Court grant the Motion
 14 and issue the proposed order submitted herewith.

15
 16 Dated: June 23, 2016

By: Thomas A. Seaman
 THOMAS A. SEAMAN, Receiver

17
 18 Dated: June 23, 2016

ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP

19
 20 By: /s/ Edward Fates

EDWARD G. FATES
 Attorneys for Receiver
 THOMAS A. SEAMAN

EXHIBIT A

1:24 PM
06/17/16
Cash Basis

Small Business Capital, Corp
Profit & Loss
As of May 31, 2016

	May 31, 16
Ordinary Income/Expense	
Income	
Coast Capital Income	87,969.47
Late Fees	39,361.09
Loan Interest Income	3,226,907.95
Loan Servicing Income	3,300,913.62
Refunds	56,785.28
Rental Income	50,830.00
Sale of Assets/Distributions	1,548,059.33
Turnover/Seizure	10,257,682.00
Total Income	18,568,508.74
Gross Profit	18,568,508.74
Expense	
11th Hour Investor Refund	45,000.00
Association Dues	2,858.00
Bank Service Charges	12,607.61
Business Licenses and Permits	0.00
Commission Expense	130,730.73
Computer and Internet Expenses	32,597.03
Defendant Living Expenses	30,000.00
Deposit Refunds	3,750.00
Discount on Loan	200,000.00
Distributions to Investors	24,523,143.61
Dues and Subscriptions	5,084.46
Employee moral	500.00
Insurance Expense	
E & O Insurance	102,953.65
General Liability Insurance	2,342.37
Health Insurance	9,516.59
Life Insurance	1,635.00
Property Insurance	1,336.76
Worker's Compensation	2,915.00
Total Insurance Expense	120,699.37
Late Payment Fee	0.00
Licenses & Fees	34,739.00
Loan Payments	400,140.04
Moving & Storage	868.38
Office Supplies	1,604.27
Operating Expense	
Outside Services	162,581.90
Total Operating Expense	162,581.90
Payroll Expenses	340,138.54
Payroll Service fees	7,861.01
Postage and Delivery	9,850.54
Printing and Reproduction	2,909.68
Professional Fees	
Accounting fees	226,754.61
Appraiser Fees	0.00
Legal Expense-Receiver's Counsel	29,931.85
Legal Fees - Collection Counsel	8,463.75
Legal Fees - Receiver's Counsel	1,028,758.63
Litigation Support	4,220.00
Receiver Fees	1,946,596.75
Total Professional Fees	3,244,725.59
Rent Expense	55,072.09
Rent/Leased Equipment Expense	2,073.00
REO Expenses	42,347.24
Repairs and Maintenance	1,206.25

1:24 PM
06/17/16
Cash Basis

Small Business Capital, Corp
Profit & Loss
As of May 31, 2016

	May 31, 16
Servicing	
Collection & Servicing Expenses	16,639.01
Lodging	235.00
Meals & Entertainment	3,089.45
Travel-Airfare-Hotel	21,595.02
Travel-Car	6,442.00
Total Servicing	48,000.48
Taxes	
Corporate Income Taxes	788,244.31
Escape Property Tax	3,673.18
Secured Property Taxes	23,721.03
Unsecured Property Taxes	1,119.58
Total Taxes	816,758.10
Utilities	
Electricity	6,476.92
Utilities - Other	23,918.60
Total Utilities	30,395.52
Total Expense	30,308,242.44
Net Ordinary Income	-11,739,733.70
Other Income/Expense	
Other Income	
Gain / (Loss) on Sale of Loans	-681,542.62
Gain on sale of SBA License	1,200,000.00
Interest Income	12,468.21
Total Other Income	530,925.59
Net Other Income	530,925.59
Net Income	-11,208,808.11

1:25 PM
06/17/16
Accrual Basis

Small Business Capital, Corp
Balance Sheet
As of May 31, 2016

	<u>May 31, 16</u>
ASSETS	
Current Assets	
Checking/Savings	
ML_CDARS - SB Cap Corp.	5,653,448.78
Rabo_SBC Corp_Distribution_2766	1,000.44
WF_Defense counsel act_#6291	200,612.10
WF_SBC Operating_1438	6,089,048.72
Total Checking/Savings	<u>11,944,110.04</u>
Total Current Assets	<u>11,944,110.04</u>
TOTAL ASSETS	<u><u>11,944,110.04</u></u>
LIABILITIES & EQUITY	
Equity	
Opening Balance Equity	23,153,986.16
Retained Earnings	-11,914,221.39
Net Income	704,345.28
Total Equity	<u>11,944,110.04</u>
TOTAL LIABILITIES & EQUITY	<u><u>11,944,110.04</u></u>

1:27 PM

06/17/16

Cash Basis

Small Business Capital, Corp
Profit & Loss
 January through May 2016

	Jan - May 16
Ordinary Income/Expense	
Income	
Coast Capital Income	10,582.04
Loan Interest Income	67,076.25
Loan Servicing Income	59,719.30
Sale of Assets/Distributions	5,000.00
Turnover/Seizure	8,187.55
Total Income	150,565.14
Gross Profit	150,565.14
Expense	
Bank Service Charges	880.30
Commission Expense	49,673.13
Computer and Internet Expenses	1,824.37
Operating Expense	
Outside Services	9,625.35
Total Operating Expense	9,625.35
Postage and Delivery	504.32
Professional Fees	
Accounting fees	6,386.00
Legal Expense-Receivers Counsel	935.48
Legal Fees - Collection Counsel	1,178.50
Legal Fees - Receivers Counsel	46,136.00
Receiver Fees	113,206.75
Total Professional Fees	167,842.73
Rent Expense	324.20
Taxes	
Corporate Income Taxes	1,050.00
Total Taxes	1,050.00
Utilities	
Electricity	1,026.76
Total Utilities	1,026.76
Total Expense	232,751.16
Net Ordinary Income	-82,186.02
Other Income/Expense	
Other Income	
Gain / (Loss) on Sale of Loans	-412,402.40
Gain on sale of SBA License	1,200,000.00
Interest Income	1.70
Total Other Income	787,599.30
Net Other Income	787,599.30
Net Income	705,413.28

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
 As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
HB_Investors Prime Fund_3513								0.00
Total HB_Investors Prime Fund_3513								0.00
HB_Investors Prime Fund_3596								0.00
Total HB_Investors Prime Fund_3596								0.00
HB_SB Cap Co Brokers Trust_3679								0.00
Total HB_SB Cap Co Brokers Trust_3679								0.00
HB_SB Cap Corp_Operating_3604								0.00
Total HB_SB Cap Corp_Operating_3604								0.00
HB_SB Capital LLC_3984								0.00
Total HB_SB Capital LLC_3984								0.00
HB_SB Capital LLC_4172								0.00
Total HB_SB Capital LLC_4172								0.00
HB_SBC Portfolio Funds LLC_3695								0.00
Total HB_SBC Portfolio Funds LLC_3695								0.00
HB_SBC Senior CM Mort Fund_4354								0.00
Total HB_SBC Senior CM Mort Fund_4354								0.00
ML_CDARS - SB Cap Corp.								5,653,639.14
Deposit	1/31/2016			Interest	Interest Income	0.22		5,653,639.36
Deposit	2/29/2016			Interest	Interest Income	0.24		5,653,639.60
Deposit	3/31/2016			Interest	Interest Income	0.28		5,653,639.88
Deposit	4/30/2016			Interest	Interest Income	0.25		5,653,640.13
General Journal	5/31/2016	31RR...		True up acco...	-SPLIT-		191.35	5,653,448.78
Total ML_CDARS - SB Cap Corp.						0.99	191.35	5,653,448.78
Rabo_SBC Corp_Distribution_2766								999.88
General Journal	5/31/2016	31RR...		True up acco...	ML_CDARS - ...	0.56		1,000.44
Total Rabo_SBC Corp_Distribution_2766						0.56	0.00	1,000.44
WF_Defense counsel act_#6291								200,420.60
Deposit	5/31/2016			Deposit	Interest Income	191.50		200,612.10
Total WF_Defense counsel act_#6291						191.50	0.00	200,612.10
WF_Investors Prime Fund_6953								0.00
Total WF_Investors Prime Fund_6953								0.00
WF_SB Capital Corp_Payroll_0104								0.00
Total WF_SB Capital Corp_Payroll_0104								0.00

Small Business Capital, Corp
General Ledger
As of May 31, 2016

1:27 PM
06/17/16
Accrual Basis

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
WF_SB Capital LLC_Payroll_0096								0.00
Total WF_SB Capital LLC_Payroll_0096								0.00
WF_SB Capital, LLC_Trust_0112								14,050.98
Deposit	1/2/2016			Deposit	Loan Pay Hold...	3,000.00		17,050.98
Deposit	1/4/2016			Deposit	-SPLIT-	8,488.32		25,539.30
Deposit	1/5/2016			Deposit	Loan Pay Hold...	6,213.80		31,753.10
Deposit	1/5/2016			Deposit	-SPLIT-	3,040.71		34,793.81
Deposit	1/6/2016			Deposit	-SPLIT-	6,278.42		41,072.23
Deposit	1/7/2016			Deposit	-SPLIT-	17,700.13		58,772.36
Deposit	1/8/2016			Deposit	-SPLIT-	44,880.21		103,652.57
Check	1/13/2016		California Business ...	Jan 2016 Dis...	Loan Pay Hold...		4,127.57	99,525.00
Deposit	1/13/2016			Deposit	Loan Pay Hold...	12,083.49		111,608.49
Deposit	1/22/2016			Deposit	Loan Pay Hold...	4,264.00		115,872.49
Deposit	1/27/2016			Deposit	Deposits from ...	253,421.43		369,293.92
Transfer	1/27/2016			X-fer addition...	WF_SBC Ope...		253,421.43	115,872.49
Deposit	1/28/2016			Deposit	-SPLIT-	14,212.59		130,085.08
Check	1/31/2016	Debit	California Business ...	Feb 2016 Dis...	Loan Pay Hold...		1,157.10	128,927.98
Check	1/31/2016		Colson Services Co...	Jan 2016 Dis...	Loan Pay Hold...		76,609.49	52,318.49
Check	1/31/2016		Wells Fargo	Service Charge	Bank Service ...		164.26	52,154.23
Transfer	1/31/2016			Funds Transf...	WF_SBC Ope...	164.26		52,318.49
Check	1/31/2016	Trans...	SB Capital LLC	Jan-16 Fund ...	Loan Pay Hold...		38,267.56	14,050.93
Check	1/31/2016	Wire ...	Small Business Ca...		Loan Pay Hold...		863.90	13,187.03
Deposit	2/1/2016			Deposit	Loan Pay Hold...	2,062.10		15,249.13
Deposit	2/3/2016			Deposit	-SPLIT-	20,156.88		35,406.01
Deposit	2/3/2016			Deposit	-SPLIT-	20,668.02		56,074.03
Deposit	2/4/2016			Deposit	Loan Pay Hold...	4,325.89		60,399.92
Check	2/5/2016		South County Bank	Disbursemen...	Loan Pay Hold...		862.43	59,537.49
Deposit	2/5/2016			Deposit	-SPLIT-	13,237.02		72,774.51
Deposit	2/5/2016			Deposit	-SPLIT-	3,040.71		75,815.22
Deposit	2/8/2016			Deposit	-SPLIT-	42,493.14		118,308.36
Check	2/10/2016		California Business ...	Feb 2016 Dis...	Loan Pay Hold...		4,127.52	114,180.84
Deposit	2/10/2016			Deposit	-SPLIT-	11,351.72		125,532.56
Deposit	2/10/2016			Deposit	Loan Pay Hold...	3,000.00		128,532.56
Deposit	2/12/2016			Deposit	Loan Pay Hold...	12,083.49		140,616.05
Deposit	2/23/2016			Deposit	Loan Pay Hold...	4,264.00		144,880.05
Deposit	2/26/2016			Deposit	-SPLIT-	14,212.59		159,092.64
Check	2/29/2016	wire	Colson Services Co...	Feb 2016 Dis...	Loan Pay Hold...		95,605.56	63,487.08
Check	2/29/2016	wire	California Business ...	Mar 2016 Dis...	Loan Pay Hold...		1,157.09	62,329.99
Check	2/29/2016	Trans...	SB Capital LLC	Feb-16 Fund ...	Loan Pay Hold...		49,142.91	13,187.08
Check	2/29/2016		Wells Fargo	Service Charge	Bank Service ...		111.55	13,075.53
Transfer	2/29/2016			Funds Transf...	WF_SBC Ope...	111.55		13,187.08
Deposit	3/2/2016			Deposit	-SPLIT-	4,994.13		18,181.21
Check	3/3/2016		South County Bank	VOID: Disbur...	Loan Pay Hold...	0.00		18,181.21
Deposit	3/3/2016			Deposit	-SPLIT-	10,539.69		28,720.90
Deposit	3/3/2016			Deposit	-SPLIT-	20,668.02		49,388.92
Deposit	3/4/2016			Deposit	-SPLIT-	8,488.32		57,877.24
Deposit	3/4/2016			Deposit	-SPLIT-	3,040.71		60,917.95
Deposit	3/7/2016			Deposit	-SPLIT-	7,023.22		67,941.17

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Deposit	3/8/2016			Deposit	-SPLIT-	14,589.96		82,531.13
Deposit	3/9/2016			Deposit	Undeposited F...	2,000.00		84,531.13
Deposit	3/9/2016			Deposit	-SPLIT-	32,128.02		116,659.15
Check	3/10/2016		California Business ...	Mar 2016 Dis...	Loan Pay Hold...		4,127.59	112,531.56
Deposit	3/10/2016			Deposit	-SPLIT-	10,351.72		122,883.28
Deposit	3/10/2016			Deposit	-SPLIT-	16,595.21		139,478.49
Deposit	3/10/2016			Deposit	Loan Pay Hold...	4,000.00		143,478.49
Check	3/11/2016		Wells Fargo	Service Charge	Bank Service ...		172.85	143,305.64
Transfer	3/11/2016			Funds Transf...	WF_SBC Ope...	172.85		143,478.49
Deposit	3/23/2016			Deposit	Loan Pay Hold...	4,264.00		147,742.49
Deposit	3/29/2016			Deposit	-SPLIT-	11,195.55		158,938.04
Check	3/31/2016	wire	Colson Services Co...	Mar 2016 Dis...	Loan Pay Hold...		99,421.60	59,516.44
Deposit	3/31/2016			Deposit	-SPLIT-	15,911.72		75,428.16
Check	3/31/2016	Trans...	SB Capital LLC	Mar-16 Fund ...	Loan Pay Hold...		43,836.72	31,591.44
Check	4/11/2016		Wells Fargo	Service Charge	Bank Service ...		118.82	31,472.62
Transfer	4/11/2016			Funds Transf...	WF_SBC Ope...	118.82		31,591.44
Check	5/11/2016			Service Charge	Bank Service ...		97.26	31,494.18
Transfer	5/31/2016			VOID: Funds ...	WF_SBC Ope...		31,494.18	0.00
Total WF_SB Capital, LLC_Trust_0112						690,836.41	704,887.39	0.00
WF_SB Capital_Trust_0120								8,187.55
Check	5/31/2016	Trans	SB Capital Corp	Clean up bro...	-SPLIT-		8,187.55	0.00
Total WF_SB Capital_Trust_0120						0.00	8,187.55	0.00
WF_SBC Operating_1438								1,410,255.69
Check	1/4/2016		Orange County Net...	Invoice #8310	Outside Servic...		385.00	1,409,870.69
Check	1/5/2016	x-fer ...	Thomas Seaman C...	Aug & Sept 2...	-SPLIT-		17,478.50	1,392,392.19
Check	1/8/2016	1734	Thomas Seaman C...	Nov/Dec Rei...	-SPLIT-		157.72	1,392,234.47
Check	1/11/2016			Service Charge	Bank Service ...		70.13	1,392,164.34
Check	1/14/2016	1736	WTI Communicatio...	Account #90...	Computer and...		159.25	1,392,005.09
Check	1/14/2016	1737	Irvine Self Storage	Unit C196 Fe...	Rent Expense		42.70	1,391,962.39
Check	1/21/2016	1738	Southern California ...	Acct 2-31-86...	Electricity		191.62	1,391,770.77
Transfer	1/27/2016			X-fer addition...	WF_SB Capit...	253,421.43		1,645,192.20
Deposit	1/28/2016			Deposit	-SPLIT-	10,582.04		1,655,774.24
Check	1/29/2016	1739	Notary Plus Mobile ...	Notary	Outside Servic...		37.50	1,655,736.74
Transfer	1/31/2016			Funds Transf...	WF_SB Capit...		164.26	1,655,572.48
Deposit	1/31/2016			Deposit	-SPLIT-	38,267.56		1,693,840.04
Deposit	1/31/2016			Deposit	Loan Interest I...	863.89		1,694,703.93
Check	2/4/2016	1740	Thomas Seaman C...	Oct & Nov 20...	-SPLIT-		11,355.50	1,683,348.43
Check	2/5/2016	1741	Wertz & Company	Invoice #586...	Accounting fees		3,000.00	1,680,348.43
Check	2/5/2016	1742	Franchise Tax Board	SOS # 20093...	Corporate Inc...		250.00	1,680,098.43
Check	2/5/2016	1743	Orange County Net...	Invoice #8329	Outside Servic...		860.00	1,679,238.43
Check	2/5/2016	1744	Thomas Seaman C...	11th interim f...	Receiver Fees		84,372.75	1,594,865.68
Check	2/10/2016	Wire	Allen Matkins	11th Interim ...	-SPLIT-		47,071.48	1,547,794.20
Check	2/11/2016			Service Charge	Bank Service ...		59.76	1,547,734.44
Check	2/15/2016	1745	Irvine Self Storage	Unit C196 M...	Rent Expense		62.70	1,547,671.74
Check	2/15/2016	1746	WTI Communicatio...	Account #90...	Computer and...		159.25	1,547,512.49
Deposit	2/29/2016			Deposit	-SPLIT-	49,142.91		1,596,655.40
Transfer	2/29/2016			Funds Transf...	WF_SB Capit...		111.55	1,596,543.85

Page 3

Exhibit A, Page 7 of 21

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Check	3/2/2016	1747	Applied Business S...	Invoice #042...	Computer and...		923.16	1,595,620.69
Check	3/4/2016	1749	Southern California ...	Acct 2-31-86...	Electricity		173.01	1,595,447.68
Check	3/11/2016	1750	Thomas Seaman C...	Jan/Feb Exp...	-SPLIT-		201.91	1,595,245.77
Check	3/11/2016			Service Charge	Bank Service ...		85.67	1,595,160.10
Transfer	3/11/2016			Funds Transf...	WF_SB Capit...		172.85	1,594,987.25
Check	3/16/2016	1751	Notary Plus Mobile ...	Notary	Outside Servic...		360.00	1,594,627.25
Check	3/16/2016	1752	Crowe Horwath, LLP	Inv 2006187 ...	Accounting fees		886.00	1,593,741.25
Check	3/16/2016	1753	WTI Communicatio...	Account #90...	Computer and...		159.25	1,593,582.00
Check	3/17/2016	1754	Notary Plus Mobile ...	Notary	Outside Servic...		135.00	1,593,447.00
Deposit	3/17/2016				Loan Pay Hold...	4,470,650.65		6,064,097.65
Check	3/18/2016	1755	Irvine Self Storage	Unit C196 Ap...	Rent Expense		62.70	6,064,034.95
Check	3/18/2016	1756	Tydings & Rosenbe...	Invoice #183...	Legal Fees - C...		577.50	6,063,457.45
Check	3/21/2016	1762	Voit Real Estate Se...	commission f...	Commission E...		24,836.56	6,038,620.89
Check	3/25/2016	1783	Voit Real Estate Se...	2016 Commi...	Commission E...		24,836.57	6,013,784.32
Check	3/25/2016	1760	Southern California ...	Acct 2-31-86...	Electricity		208.80	6,013,575.52
Check	3/29/2016	1763	Consilio LLC	Engagement ...	Outside Servic...		2,373.75	6,011,201.77
Deposit	3/31/2016			Deposit	-SPLIT-	43,836.72		6,055,038.49
Check	4/5/2016	1764	Orange County Net...	Invoice #8358	Outside Servic...		480.00	6,054,558.49
Check	4/5/2016	1765	JFZ Zimmerman & ...	Invs 78773 &...	-SPLIT-		975.00	6,053,583.49
Transfer	4/11/2016			Funds Transf...	WF_SB Capit...		118.82	6,053,464.67
Check	4/14/2016	1766	Franchise Tax Board	FEIN #45-70...	Corporate Inc...		800.00	6,052,664.67
Check	4/14/2016	1767	Notary Plus Mobile ...	3AM Assign...	Outside Servic...		65.00	6,052,599.67
Deposit	4/18/2016			Xfer	Sale of Assets...	5,000.00		6,057,599.67
Check	4/21/2016	1768	Notary Plus Mobile ...	Assignment ...	Outside Servic...		65.00	6,057,534.67
Check	4/21/2016	1769	Southern California ...	Acct 2-31-86...	Electricity		233.34	6,057,301.33
Check	4/21/2016	1770	WTI Communicatio...	Account #90...	Computer and...		159.23	6,057,142.10
Check	4/21/2016	1771	Tydings & Rosenbe...	Invoice #184...	Legal Fees - C...		447.00	6,056,695.10
Check	4/30/2016	1778	WTI Communicatio...	Account #90...	Computer and...		159.23	6,056,535.87
Check	5/3/2016	1772	Irvine Self Storage	Unit C196 M...	Rent Expense		62.70	6,056,473.17
Check	5/3/2016	1773	Thomas Seaman C...	Reimburse...	-SPLIT-		196.48	6,056,276.69
Check	5/3/2016	1774	Wertz & Company	Invoice #602...	Accounting fees		2,500.00	6,053,776.69
Check	5/3/2016	1775	Computershare	Investors Pri...	Outside Servic...		1,466.00	6,052,310.69
Check	5/3/2016	1776	Computershare	lpf Bac Servi...	Outside Servic...		1,466.00	6,050,844.69
Check	5/5/2016	1777	Orange County Net...	Invoice #8389	Outside Servic...		485.00	6,050,359.69
Check	5/12/2016	1779	Notary Plus Mobile ...	Notarized As...	Outside Servic...		85.00	6,050,294.69
Check	5/12/2016	1780	Tydings & Rosenbe...	Invoice #184...	Legal Fees - C...		154.00	6,050,140.69
Check	5/13/2016	1781	Thomas Seaman C...	Mar/Apr Rei...	-SPLIT-		270.31	6,049,870.38
Check	5/13/2016	1782	Southern California ...	Acct 2-31-86...	Electricity		219.99	6,049,650.39
Check	5/24/2016	1784	Orange County Net...	Inv 8400	Outside Servic...		190.00	6,049,460.39
Check	5/24/2016	1785	Irvine Self Storage	Unit C196 - I...	Rent Expense		93.40	6,049,366.99
Transfer	5/31/2016			VOID: Funds ...	WF_SB Capit...	31,494.18		6,080,861.17
Deposit	5/31/2016			Deposit	Turnover/Seiz...	8,187.55		6,089,048.72
Total WF_SBC Operating_1438						4,911,446.93	232,653.90	6,089,048.72
WF_SBC Portfolio Fund_6961								0.00
Total WF_SBC Portfolio Fund_6961								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Accounts Receivable								32,359.70
Payment	3/9/2016	15761	Meyer's Castle, Inc.		Undeposited F...		2,000.00	30,359.70
General Journal	3/17/2016	29RR...	Meyer's Castle, Inc.	To record sal...	Loan Pay Hold...		29,291.70	1,068.00
General Journal	5/31/2016	30RR...	Aung Solvang, LLC.	Write off unc...	Loss on Sale ...		1,068.00	0.00
Total Accounts Receivable						0.00	32,359.70	0.00
Inventory Asset								0.00
Total Inventory Asset								0.00
Loan to SB Brokers Trust								0.00
Total Loan to SB Brokers Trust								0.00
Receivable from Colson								0.00
Total Receivable from Colson								0.00
Receivable from Wells Fargo-3AM								0.00
Total Receivable from Wells Fargo-3AM								0.00
Undeposited Funds								0.00
Payment	3/9/2016	15761	Meyer's Castle, Inc.		Accounts Rec...	2,000.00		2,000.00
Deposit	3/9/2016	15761	Meyer's Castle, Inc.	Deposit	WF_SB Capit...		2,000.00	0.00
Total Undeposited Funds						2,000.00	2,000.00	0.00
Accumulated Depreciation								0.00
Total Accumulated Depreciation								0.00
Furniture and Equipment								0.00
Total Furniture and Equipment								0.00
Loans Receivable IPF								0.00
Total Loans Receivable IPF								0.00
Loans Receivable SBC Portfolio								0.00
Total Loans Receivable SBC Portfolio								0.00
Loans Receivable SBC, LLC								4,177,469.59
Deposit	1/31/2016		SB Capital LLC	Jan 2016 prin...	WF_SBC Ope...		6,473.70	4,170,995.89
Deposit	2/29/2016		SB Capital LLC	Feb 2016 pri...	WF_SBC Ope...		7,336.87	4,163,659.02
General Journal	3/17/2016	29RR...		To record sal...	Loan Pay Hold...		4,156,612.13	7,046.89
Deposit	3/31/2016		SB Capital LLC	Loan principa...	WF_SBC Ope...		7,046.89	0.00
Total Loans Receivable SBC, LLC						0.00	4,177,469.59	0.00
Loans Receivable Sr Comm Mort								0.00
Total Loans Receivable Sr Comm Mort								0.00
Accounts Payable								0.00
Total Accounts Payable								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
3AM sale deposit & proceeds								0.00
Total 3AM sale deposit & proceeds								0.00
Deposits for Portfolio Sale								0.00
Total Deposits for Portfolio Sale								0.00
Deposits from bidders 504 loans								0.00
Total Deposits from bidders 504 loans								0.00
Deposits from bidders 7A loans								-243,240.79
Deposit	1/27/2016		BYL	Additional de...	WF_SB Capit...		253,421.43	-496,662.22
General Journal	3/17/2016	29RR...		To record sal...	Loan Pay Hold...	496,662.22		0.00
Total Deposits from bidders 7A loans						496,662.22	253,421.43	0.00
Loan from Operating Acct								0.00
Total Loan from Operating Acct								0.00
Loan Pay Hold_Brokers Trust								-8,187.55
Due to Others/ Prepaid								-8,187.53
Check	5/31/2016	Trans	SB Capital Corp	Clean up bro...	WF_SB Capit...	8,187.53		0.00
Total Due to Others/ Prepaid						8,187.53	0.00	0.00
IPF								-0.01
Check	5/31/2016	Trans	SB Capital Corp	Clean up bro...	WF_SB Capit...	0.01		0.00
Total IPF						0.01	0.00	0.00
SBC-PF								0.00
Total SBC-PF								0.00
SBC-SCMF								-0.01
Prepaid 3AM Foreclosure Costs								0.00
Total Prepaid 3AM Foreclosure Costs								0.00
SBC-SCMF - Other								-0.01
Check	5/31/2016	Trans	SB Capital Corp	Clean up bro...	WF_SB Capit...	0.01		0.00
Total SBC-SCMF - Other						0.01	0.00	0.00
Total SBC-SCMF						0.01	0.00	0.00
SBC Corp.								0.00
Total SBC Corp.								0.00
Loan Pay Hold_Brokers Trust - Other								0.00
Total Loan Pay Hold_Brokers Trust - Other								0.00
Total Loan Pay Hold_Brokers Trust						8,187.55	0.00	0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
 As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Loan Pay Hold_LLC Trust								-6,190.03
Deposit	1/2/2016	1085	Kevin Pham	4866115010	WF_SB Capit...		3,000.00	-9,190.03
Deposit	1/4/2016	7982	Teddy Bear Hauling	5166625003	WF_SB Capit...		2,062.10	-11,252.13
Deposit	1/4/2016	48833	Sun-Fax Arco	5044695004	WF_SB Capit...		6,426.22	-17,678.35
Deposit	1/5/2016	1056	Iguana's BurritoZilla...	4669495009	WF_SB Capit...		6,213.80	-23,892.15
Deposit	1/5/2016		Amy YS Lin	4540675003	WF_SB Capit...		1,733.94	-25,626.09
Deposit	1/5/2016		Anait Khachatryan	4833645009	WF_SB Capit...		1,306.77	-26,932.86
Deposit	1/6/2016	5111	Narendrakumar Bh...	5157815010	WF_SB Capit...		2,093.89	-29,026.75
Deposit	1/6/2016	3640	J.V. Mattress	5048615010	WF_SB Capit...		4,184.53	-33,211.28
Deposit	1/7/2016	13932	Lillie Alexander, LTD.	4942385002	WF_SB Capit...		4,186.72	-37,398.00
Deposit	1/7/2016	1859...	Vaidotas Vaitys	4963625001	WF_SB Capit...		5,002.23	-42,400.23
Deposit	1/7/2016	5860	Tropicana Liquors	5084465010	WF_SB Capit...		4,000.00	-46,400.23
Deposit	1/7/2016	1316	David & Shema Sh...	5063135006	WF_SB Capit...		4,511.18	-50,911.41
Deposit	1/8/2016	5924	Pamela S. Pitts	4228255001	WF_SB Capit...		7,351.72	-58,263.13
Deposit	1/8/2016	2053	TRC Holdings, LLC.	4689375005	WF_SB Capit...		8,736.53	-66,999.66
Deposit	1/8/2016	1788	8098 Professional ...	4988965005	WF_SB Capit...		10,403.22	-77,402.88
Deposit	1/8/2016	15700	Meyer's Castle, Inc.	4531275010	WF_SB Capit...		7,741.35	-85,144.23
Deposit	1/8/2016	15699	Meyer's Castle, Inc.	4531315009	WF_SB Capit...		10,647.39	-95,791.62
Check	1/13/2016		California Business ...	Jan 2016 Dis...	WF_SB Capit...	4,127.57		-91,664.05
Deposit	1/13/2016	1438	Bragato Investments	4367155006	WF_SB Capit...		12,083.49	-103,747.54
Deposit	1/22/2016		Leticia Luna Trust	4515825009	WF_SB Capit...		4,264.00	-108,011.54
Deposit	1/28/2016	995510	Alexis W. Readinger	5024485003	WF_SB Capit...		3,017.04	-111,028.58
Deposit	1/28/2016	3714...	Intervention 911	4960205009	WF_SB Capit...		4,696.91	-115,725.49
Deposit	1/28/2016	3560...	Robert Marshall	4108505010	WF_SB Capit...		6,498.64	-122,224.13
Check	1/31/2016	Debit	California Business ...	Feb 2016 Dis...	WF_SB Capit...	1,157.10		-121,067.03
Check	1/31/2016		Colson Services Co...	Jan 2016 Dis...	WF_SB Capit...	76,609.49		-44,457.54
Check	1/31/2016	Trans...	SB Capital LLC	Jan-16 Fund ...	WF_SB Capit...	38,267.56		-6,189.98
Check	1/31/2016	Wire ...	Small Business Ca...		WF_SB Capit...	863.90		-5,326.08
Deposit	2/1/2016	7993	Teddy Bear Hauling	5166625003	WF_SB Capit...		2,062.10	-7,388.18
Deposit	2/3/2016	5112	Narendrakumar Bh...	5157815010	WF_SB Capit...		2,093.89	-9,482.07
Deposit	2/3/2016	2041	Simplepastimes	5087955010	WF_SB Capit...		2,900.24	-12,382.31
Deposit	2/3/2016	49017	Sun-Fax Arco	5044695004	WF_SB Capit...		6,426.22	-18,808.53
Deposit	2/3/2016	2058	TRC Holdings, LLC.	4689375005	WF_SB Capit...		8,736.53	-27,545.06
Deposit	2/3/2016		TB Insurance, LLC.	5246565009	WF_SB Capit...		2,036.09	-29,581.15
Deposit	2/3/2016		Miguel A. Sanchez, ...	5184515009	WF_SB Capit...		2,573.40	-32,154.55
Deposit	2/3/2016		Lodge at Sedona, L...	5099975002	WF_SB Capit...		10,309.00	-42,463.55
Deposit	2/3/2016		KV Equity	4902815006	WF_SB Capit...		5,749.53	-48,213.08
Deposit	2/4/2016	654	Travis P. Biachi	4422575007	WF_SB Capit...		4,325.89	-52,538.97
Check	2/5/2016		South County Bank	Disbursemen...	WF_SB Capit...	862.43		-51,676.54
Deposit	2/5/2016	1057	Iguana's BurritoZilla...	4669495009	WF_SB Capit...		6,213.80	-57,890.34
Deposit	2/5/2016	3644	J.V. Mattress	5048615010	WF_SB Capit...		4,184.53	-62,074.87
Deposit	2/5/2016	1509	Robert D. Smith	4566135003	WF_SB Capit...		2,838.69	-64,913.56
Deposit	2/5/2016		Anait Khachatryan	4833645009	WF_SB Capit...		1,306.77	-66,220.33
Deposit	2/5/2016		Amy YS Lin	4540675003	WF_SB Capit...		1,733.94	-67,954.27
Deposit	2/8/2016	15734	Meyer's Castle, Inc.	4531275010	WF_SB Capit...		7,741.35	-75,695.62
Deposit	2/8/2016	15735	Meyer's Castle, Inc.	4531315009	WF_SB Capit...		10,647.39	-86,343.01
Deposit	2/8/2016	3951...	Vaidotas Vaitys	4963625001	WF_SB Capit...		5,002.74	-91,345.75
Deposit	2/8/2016	13989	Lillie Alexander, LTD.	4942385002	WF_SB Capit...		4,186.72	-95,532.47
Deposit	2/8/2016		David & Shema Sh...	5063135006	WF_SB Capit...		4,511.72	-100,044.19

Page 7

Exhibit A, Page 11 of 21

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Deposit	2/8/2016	1792	8098 Professional ...	4988965005	WF_SB Capit...		10,403.22	-110,447.41
Check	2/10/2016		California Business ...	Feb 2016 Dis...	WF_SB Capit...	4,127.52		-106,319.89
Deposit	2/10/2016	5915	Tropicana Liquors	5084465010	WF_SB Capit...		4,000.00	-110,319.89
Deposit	2/10/2016	5925	Pamela S. Pitts	4228255001	WF_SB Capit...		7,351.72	-117,671.61
Deposit	2/10/2016	1128	Kevin Pham	4866115010	WF_SB Capit...		3,000.00	-120,671.61
Deposit	2/12/2016	1440	Bragato Investments	4367155006	WF_SB Capit...		12,083.49	-132,755.10
Deposit	2/23/2016		Leticia Luna Trust	4515825009	WF_SB Capit...		4,264.00	-137,019.10
Deposit	2/26/2016	4474...	Robert Marshall	4108505010	WF_SB Capit...		6,498.64	-143,517.74
Deposit	2/26/2016	8566...	Intervention 911	4960205009	WF_SB Capit...		4,696.91	-148,214.65
Deposit	2/26/2016	95532	Alexis W. Readinger	5024485003	WF_SB Capit...		3,017.04	-151,231.69
Check	2/29/2016	wire	Colson Services Co...	Feb 2016 Dis...	WF_SB Capit...	95,605.56		-55,626.13
Check	2/29/2016	wire	California Business ...	Mar 2016 Dis...	WF_SB Capit...	1,157.09		-54,469.04
Check	2/29/2016	Trans...	SB Capital LLC	Feb-16 Fund ...	WF_SB Capit...	49,142.91		-5,326.13
Deposit	3/2/2016	2054	Simplepastimes	5087955010	WF_SB Capit...		2,900.24	-8,226.37
Deposit	3/2/2016	5114	Narendrakumar Bh...	5157815010	WF_SB Capit...		2,093.89	-10,320.26
Check	3/3/2016		South County Bank	Disbursemen...	WF_SB Capit...	0.00		-10,320.26
Deposit	3/3/2016	1058	Iguana's Burritozilla...	4669495009	WF_SB Capit...		6,213.80	-16,534.06
Deposit	3/3/2016	656	Travis P. Biachi	4422575007	WF_SB Capit...		4,325.89	-20,859.95
Deposit	3/3/2016		KV Equity	4902815006	WF_SB Capit...		5,749.53	-26,609.48
Deposit	3/3/2016		TB Insurance, LLC.	5246565009	WF_SB Capit...		2,036.09	-28,645.57
Deposit	3/3/2016		Miguel A. Sanchez, ...	5184515009	WF_SB Capit...		2,573.40	-31,218.97
Deposit	3/3/2016		Lodge at Sedona, L...	5099975002	WF_SB Capit...		10,309.00	-41,527.97
Deposit	3/4/2016	49169	Sun-Fax Arco	5044695004	WF_SB Capit...		6,426.22	-47,954.19
Deposit	3/4/2016	8128	Teddy Bear Hauling	5166625003	WF_SB Capit...		2,062.10	-50,016.29
Deposit	3/4/2016		Anait Khachatryan	4833845009	WF_SB Capit...		1,306.77	-51,323.06
Deposit	3/4/2016		Amy YS Lin	4540675003	WF_SB Capit...		1,733.94	-53,057.00
Deposit	3/7/2016	3649	J.V. Mattress	5048615010	WF_SB Capit...		4,184.53	-57,241.53
Deposit	3/7/2016	1511	Robert D. Smith	4566135003	WF_SB Capit...		2,838.69	-60,080.22
Deposit	3/8/2016	14062	Lillie Alexander, LTD.	4942385002	WF_SB Capit...		4,186.74	-64,266.96
Deposit	3/8/2016	1813	8098 Professional ...	4988965005	WF_SB Capit...		10,403.22	-74,670.18
Deposit	3/9/2016	2059	TRC Holdings, LLC.	4689375005	WF_SB Capit...		8,736.53	-83,406.71
Deposit	3/9/2016	4852...	Vaidotas Vaitys	4963625001	WF_SB Capit...		5,002.75	-88,409.46
Deposit	3/9/2016	15759	Meyer's Castle, Inc.	4531275010	WF_SB Capit...		7,741.35	-96,150.81
Deposit	3/9/2016	15760	Meyer's Castle, Inc.	4531315009	WF_SB Capit...		10,647.39	-106,798.20
Check	3/10/2016		California Business ...	Mar 2016 Dis...	WF_SB Capit...	4,127.59		-102,670.61
Deposit	3/10/2016	2652	Kevin Pham	4866115010	WF_SB Capit...		3,000.00	-105,670.61
Deposit	3/10/2016	5926	Pamela S. Pitts	4228255001	WF_SB Capit...		7,351.72	-113,022.33
Deposit	3/10/2016	1444	Bragato Investments	4367155006	WF_SB Capit...		12,083.49	-125,105.82
Deposit	3/10/2016	101	David & Shema Sh...	5063135006	WF_SB Capit...		4,511.72	-129,617.54
Deposit	3/10/2016	5967	Tropicana Liquors	5084465010	WF_SB Capit...		4,000.00	-133,617.54
Deposit	3/17/2016		BYL	proceeds fro...	WF_SBC Ope...		4,470,650.65	-4,604,268.19
General Journal	3/17/2016	29RR...		To record sal...	-SPLIT-	4,470,650.65		-133,617.54
General Journal	3/17/2016	29RR...		To record sal...	Loan Pay Hold...	6,188.56		-127,428.98
Deposit	3/23/2016		Leticia Luna Trust	4515825009	WF_SB Capit...		4,264.00	-131,692.98
Deposit	3/29/2016	1334...	Intervention 911	4960205009	WF_SB Capit...		4,696.91	-136,389.89
Deposit	3/29/2016	5383...	Robert Marshall	4108505010	WF_SB Capit...		6,498.64	-142,888.53
Check	3/31/2016	wire	Colson Services Co...	Mar 2016 Dis...	WF_SB Capit...	99,421.60		-43,466.93

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Deposit	3/31/2016		BYL	Delta of net r...	WF_SB Capit...		369.79	-43,836.72
Check	3/31/2016	Trans...	SB Capital LLC	Mar-16 Fund ...	WF_SB Capit...	43,836.72		0.00
Total Loan Pay Hold_LLC Trust						4,896,146.25	4,889,956.22	0.00
Payroll Liabilities								0.00
Total Payroll Liabilities								0.00
Opening Balance Equity								-23,153,986.15
Total Opening Balance Equity								-23,153,986.15
Retained Earnings								11,914,221.39
Total Retained Earnings								11,914,221.39
Coast Capital Income								0.00
Deposit	1/28/2016	9776	Coast Capital Inco...	Jan 2016 Liq...	WF_SBC Ope...		9,612.53	-9,612.53
Deposit	1/28/2016	9777	Coast Capital Inco...	Jan 2016 Liq...	WF_SBC Ope...		260.34	-9,872.87
Deposit	1/28/2016	9690	Coast Capital Inco...	Jan 2016 Liq...	WF_SBC Ope...		709.17	-10,582.04
Total Coast Capital Income						0.00	10,582.04	-10,582.04
Commission Income								0.00
Total Commission Income								0.00
Late Fees								0.00
Total Late Fees								0.00
Loan Interest Income								0.00
Deposit	1/31/2016		SB Capital LLC	Jan 2016 inte...	WF_SBC Ope...		15,494.75	-15,494.75
Deposit	1/31/2016		SB Capital LLC	Deposit	WF_SBC Ope...		863.89	-16,358.64
Deposit	2/29/2016		SB Capital LLC	Feb 2016 int...	WF_SBC Ope...		22,330.73	-38,689.37
Deposit	3/31/2016		SB Capital LLC	Loan interest ...	WF_SBC Ope...		20,133.48	-58,822.85
Deposit	3/31/2016		BYL	Interest inco...	WF_SB Capit...		8,253.40	-67,076.25
Total Loan Interest Income						0.00	67,076.25	-67,076.25
Loan Servicing Income								0.00
Deposit	1/31/2016		SB Capital LLC	Jan 2016 ser...	WF_SBC Ope...		16,299.11	-16,299.11
Deposit	2/29/2016		SB Capital LLC	Feb 2016 ser...	WF_SBC Ope...		19,475.31	-35,774.42
Deposit	3/31/2016		SB Capital LLC	Loan servicin...	WF_SBC Ope...		16,656.35	-52,430.77
Deposit	3/31/2016		BYL	Servicing inc...	WF_SB Capit...		7,288.53	-59,719.30
Total Loan Servicing Income						0.00	59,719.30	-59,719.30
Miscellaneous Income								0.00
Total Miscellaneous Income								0.00
Refunds								0.00
Total Refunds								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Rental Income								0.00
Total Rental Income								0.00
Sale of Assets/Distributions								0.00
Deposit	4/18/2016	5767	EDS Financial Servi...	Down Payme...	WF_SBC Ope...		5,000.00	-5,000.00
Total Sale of Assets/Distributions						0.00	5,000.00	-5,000.00
Serving Income								0.00
Total Serving Income								0.00
Trust Account Receivable								0.00
Total Trust Account Receivable								0.00
Turnover/Seizure								0.00
Deposit	5/31/2016		SB Capital Brokers ...	Clean up bro...	WF_SBC Ope...		8,187.55	-8,187.55
Total Turnover/Seizure						0.00	8,187.55	-8,187.55
Cost of Goods Sold								0.00
Total Cost of Goods Sold								0.00
11th Hour Investor Refund								0.00
Total 11th Hour Investor Refund								0.00
Advertising and Promotion								0.00
Total Advertising and Promotion								0.00
Association Dues								0.00
Total Association Dues								0.00
Automobile Expense								0.00
Total Automobile Expense								0.00
Bank Service Charges								0.00
Check	1/11/2016			Service Charge	WF_SBC Ope...	70.13		70.13
Check	1/31/2016		Wells Fargo	Service Charge	WF_SB Capit...	164.26		234.39
Check	2/11/2016			Service Charge	WF_SBC Ope...	59.76		294.15
Check	2/29/2016		Wells Fargo	Service Charge	WF_SB Capit...	111.55		405.70
Check	3/11/2016			Service Charge	WF_SBC Ope...	85.67		491.37
Check	3/11/2016		Wells Fargo	Service Charge	WF_SB Capit...	172.85		664.22
Check	4/11/2016		Wells Fargo	Service Charge	WF_SB Capit...	118.82		783.04
Check	5/11/2016			Service Charge	WF_SB Capit...	97.26		880.30
Total Bank Service Charges						880.30	0.00	880.30
Business Licenses and Permits								0.00
Total Business Licenses and Permits								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Nun	Name	Memo	Split	Debit	Credit	Balance
Commission Expense								0.00
Check	3/21/2016	1762	Voit Real Estate Se...	commission f...	WF_SBC Ope...	24,836.56		24,836.56
Check	3/25/2016	1783	Voit Real Estate Se...	Commission ...	WF_SBC Ope...	24,836.57		49,673.13
Total Commission Expense						49,673.13	0.00	49,673.13
Computer and Internet Expenses								0.00
Check	1/8/2016	1734	Thomas Seaman C...	Network Solu...	WF_SBC Ope...	75.00		75.00
Check	1/14/2016	1736	WTI Communicatio...	Account #90...	WF_SBC Ope...	159.25		234.25
Check	2/15/2016	1746	WTI Communicatio...	Account #90...	WF_SBC Ope...	159.25		393.50
Check	3/2/2016	1747	Applied Business S...	Invoice #042...	WF_SBC Ope...	923.16		1,316.66
Check	3/16/2016	1753	WTI Communicatio...	Account #90...	WF_SBC Ope...	159.25		1,475.91
Check	4/21/2016	1770	WTI Communicatio...	Account #90...	WF_SBC Ope...	159.23		1,635.14
Check	4/30/2016	1778	WTI Communicatio...	Account #90...	WF_SBC Ope...	159.23		1,794.37
Check	5/13/2016	1781	Thomas Seaman C...	Network Solu...	WF_SBC Ope...	30.00		1,824.37
Total Computer and Internet Expenses						1,824.37	0.00	1,824.37
Defendant Living Expenses								0.00
Total Defendant Living Expenses								0.00
Deposit Refunds								0.00
Total Deposit Refunds								0.00
Depreciation Expense								0.00
Total Depreciation Expense								0.00
Discount on Loan								0.00
Total Discount on Loan								0.00
Distributions to Investors								0.00
Total Distributions to Investors								0.00
Dues and Subscriptions								0.00
Total Dues and Subscriptions								0.00
Employee moral								0.00
Total Employee moral								0.00
Insurance Expense								0.00
E & O Insurance								0.00
Total E & O Insurance								0.00
Foreclosure Bond								0.00
Total Foreclosure Bond								0.00
General Liability Insurance								0.00
Total General Liability Insurance								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Health Insurance								0.00
Total Health Insurance								0.00
Life Insurance								0.00
Total Life Insurance								0.00
Professional Liability								0.00
Total Professional Liability								0.00
Property Insurance								0.00
Total Property Insurance								0.00
Worker's Compensation								0.00
Total Worker's Compensation								0.00
Insurance Expense - Other								0.00
Total Insurance Expense - Other								0.00
Total Insurance Expense								0.00
Interest Expense								0.00
Total Interest Expense								0.00
Late Payment Fee								0.00
Total Late Payment Fee								0.00
Licenses & Fees								0.00
Total Licenses & Fees								0.00
Loan Payments								0.00
Total Loan Payments								0.00
Meals and Entertainment								0.00
Total Meals and Entertainment								0.00
Moving & Storage								0.00
Total Moving & Storage								0.00
Office Supplies								0.00
Total Office Supplies								0.00

1:27 PM
06/17/16
Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Operating Expense								0.00
Outside Services								0.00
Check	1/4/2016	1732	Orange County Net...	Invoice #8310	WF_SBC Ope...	385.00		385.00
Check	1/29/2016	1739	Notary Plus Mobile ...	Notarize Rele...	WF_SBC Ope...	37.50		422.50
Check	2/5/2016	1743	Orange County Net...	Invoice #8329	WF_SBC Ope...	860.00		1,282.50
Check	3/11/2016	1750	Thomas Seaman C...	Network Solu...	WF_SBC Ope...	30.00		1,312.50
Check	3/11/2016	1750	Thomas Seaman C...	PACER	WF_SBC Ope...	115.30		1,427.80
Check	3/16/2016	1751	Notary Plus Mobile ...	Notarized As...	WF_SBC Ope...	360.00		1,787.80
Check	3/17/2016	1754	Notary Plus Mobile ...	Notarize Assi...	WF_SBC Ope...	135.00		1,922.80
Check	3/29/2016	1763	Consilio LLC	Engagement ...	WF_SBC Ope...	2,373.75		4,296.55
Check	4/5/2016	1764	Orange County Net...	Invoice #8358	WF_SBC Ope...	480.00		4,776.55
Check	4/5/2016	1765	JFZ Zimmerman & ...	Inv 78773	WF_SBC Ope...	375.00		5,151.55
Check	4/5/2016	1765	JFZ Zimmerman & ...	nv 78686	WF_SBC Ope...	600.00		5,751.55
Check	4/14/2016	1767	Notary Plus Mobile ...	3AM Assign...	WF_SBC Ope...	65.00		5,816.55
Check	4/21/2016	1768	Notary Plus Mobile ...	Notarized As...	WF_SBC Ope...	65.00		5,881.55
Check	5/3/2016	1775	Computershare	Investors Pri...	WF_SBC Ope...	1,466.00		7,347.55
Check	5/3/2016	1776	Computershare	lpf Bac Servi...	WF_SBC Ope...	1,466.00		8,813.55
Check	5/5/2016	1777	Orange County Net...	Invoice #8389	WF_SBC Ope...	485.00		9,298.55
Check	5/12/2016	1779	Notary Plus Mobile ...	Assignment f...	WF_SBC Ope...	65.00		9,363.55
Check	5/13/2016	1781	Thomas Seaman C...	Pacer	WF_SBC Ope...	71.80		9,435.35
Check	5/24/2016	1784	Orange County Net...	Inv 8400	WF_SBC Ope...	190.00		9,625.35
Total Outside Services						9,625.35	0.00	9,625.35
Operating Expense - Other								0.00
Total Operating Expense - Other								0.00
Total Operating Expense						9,625.35	0.00	9,625.35
Payroll Expenses								0.00
Total Payroll Expenses								0.00
Payroll Service fees								0.00
Total Payroll Service fees								0.00
Postage and Delivery								0.00
Check	1/8/2016	1734	Thomas Seaman C...	Fedex	WF_SBC Ope...	82.72		82.72
Check	3/11/2016	1750	Thomas Seaman C...	Fedex	WF_SBC Ope...	56.61		139.33
Check	5/3/2016	1773	Thomas Seaman C...	Reimbursem...	WF_SBC Ope...	196.48		335.81
Check	5/13/2016	1781	Thomas Seaman C...	Fedex	WF_SBC Ope...	168.51		504.32
Total Postage and Delivery						504.32	0.00	504.32
Printing and Reproduction								0.00
Total Printing and Reproduction								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Professional Fees								0.00
Accounting fees								0.00
Check	2/5/2016	1741	Wertz & Company	Invoice #586...	WF_SBC Ope...	3,000.00		3,000.00
Check	3/16/2016	1752	Crowe Horwath, LLP	Inv 2006187 ...	WF_SBC Ope...	886.00		3,886.00
Check	5/3/2016	1774	Wertz & Company	Invoice #602...	WF_SBC Ope...	2,500.00		6,386.00
Total Accounting fees						6,386.00	0.00	6,386.00
Appraiser Fees								0.00
Total Appraiser Fees								0.00
Legal Expense-Receiver's Counsel								0.00
Check	2/10/2016	Wire	Allen Matkins	11th intermi...	WF_SBC Ope...	935.48		935.48
Total Legal Expense-Receiver's Counsel						935.48	0.00	935.48
Legal Fees - Collection Counsel								0.00
Check	3/18/2016	1756	3AM, LLC.	Invoice #183...	WF_SBC Ope...	577.50		577.50
Check	4/21/2016	1771	3AM, LLC.	Invoice #184...	WF_SBC Ope...	447.00		1,024.50
Check	5/12/2016	1780	3AM, LLC.	Invoice #184...	WF_SBC Ope...	154.00		1,178.50
Total Legal Fees - Collection Counsel						1,178.50	0.00	1,178.50
Legal Fees - Receiver's Counsel								0.00
Check	2/10/2016	Wire	Allen Matkins	11th Interim ...	WF_SBC Ope...	46,136.00		46,136.00
Total Legal Fees - Receiver's Counsel						46,136.00	0.00	46,136.00
Litigation Support								0.00
Total Litigation Support								0.00
Receiver Fees								0.00
Check	1/5/2016	x-fer ...	Thomas Seaman C...	Aug 2015 ser...	WF_SBC Ope...	10,108.00		10,108.00
Check	1/5/2016	x-fer ...	Thomas Seaman C...	Sept 2015 se...	WF_SBC Ope...	7,370.50		17,478.50
Check	2/4/2016	1740	Thomas Seaman C...	Oct 2015 ser...	WF_SBC Ope...	6,455.00		23,933.50
Check	2/4/2016	1740	Thomas Seaman C...	Nov 2015 ser...	WF_SBC Ope...	4,900.50		28,834.00
Check	2/5/2016	1744	Thomas Seaman C...	11th interim f...	WF_SBC Ope...	84,372.75		113,206.75
Total Receiver Fees						113,206.75	0.00	113,206.75
Tax Preparation								0.00
Total Tax Preparation								0.00
Professional Fees - Other								0.00
Total Professional Fees - Other								0.00
Total Professional Fees						167,842.73	0.00	167,842.73
Receiver's Expenses								0.00
Total Receiver's Expenses								0.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Rent Expense								0.00
Check	1/14/2016	1737	Irvine Self Storage	Unit C196 Fe...	WF_SBC Ope...	42.70		42.70
Check	2/15/2016	1745	Irvine Self Storage	Unit C196 M...	WF_SBC Ope...	62.70		105.40
Check	3/18/2016	1755	Irvine Self Storage	Unit C196 Ap...	WF_SBC Ope...	62.70		168.10
Check	5/3/2016	1772	Irvine Self Storage	Unit C196 M...	WF_SBC Ope...	62.70		230.80
Check	5/24/2016	1785	Irvine Self Storage	Unit C196 - I...	WF_SBC Ope...	93.40		324.20
Total Rent Expense						324.20	0.00	324.20
Rent/Leased Equipment Expense								0.00
Total Rent/Leased Equipment Expense								0.00
REO Expenses								0.00
Total REO Expenses								0.00
Repairs and Maintenance								0.00
Total Repairs and Maintenance								0.00
Scanning of Loan Files								0.00
Total Scanning of Loan Files								0.00
Servicing								0.00
Collection & Servicing Expenses								0.00
Total Collection & Servicing Expenses								0.00
Lodging								0.00
Total Lodging								0.00
Meals & Entertainment								0.00
Total Meals & Entertainment								0.00
Travel-Airfare-Hotel								0.00
Total Travel-Airfare-Hotel								0.00
Travel-Car								0.00
Total Travel-Car								0.00
Servicing - Other								0.00
Total Servicing - Other								0.00
Total Servicing								0.00
Taxes								0.00
Corporate Income Taxes								0.00
Check	2/5/2016	1742	Franchise Tax Board	SOS # 20093...	WF_SBC Ope...	250.00		250.00
Check	4/14/2016	1766	Franchise Tax Board	FEIN #45-70...	WF_SBC Ope...	800.00		1,050.00
Total Corporate Income Taxes						1,050.00	0.00	1,050.00

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Escape Property Tax								0.00
Total Escape Property Tax								0.00
Federal Withholding								0.00
Total Federal Withholding								0.00
Secured Property Taxes								0.00
Total Secured Property Taxes								0.00
Unsecured Property Taxes								0.00
Total Unsecured Property Taxes								0.00
Taxes - Other								0.00
Total Taxes - Other								0.00
Total Taxes						1,050.00	0.00	1,050.00
Telephone Expense								0.00
Total Telephone Expense								0.00
Travel Expense								0.00
Total Travel Expense								0.00
Uncategorized Expenses								0.00
Total Uncategorized Expenses								0.00
Utilities								0.00
Electricity								0.00
Check	1/21/2016	1738	Southern California ...	Acct 2-31-86...	WF_SBC Ope...	191.62		191.62
Check	3/4/2016	1749	Southern California ...	Acct 2-31-86...	WF_SBC Ope...	173.01		364.63
Check	3/25/2016	1760	Southern California ...	Acct 2-31-86...	WF_SBC Ope...	208.80		573.43
Check	4/21/2016	1769	Southern California ...	Acct 2-31-86...	WF_SBC Ope...	233.34		806.77
Check	5/13/2016	1782	Southern California ...	Acct 2-31-86...	WF_SBC Ope...	219.99		1,026.76
Total Electricity						1,026.76	0.00	1,026.76
Land Line Telephone								0.00
Total Land Line Telephone								0.00
Mobile Phones								0.00
Total Mobile Phones								0.00
Utilities - Other								0.00
Total Utilities - Other								0.00
Total Utilities						1,026.76	0.00	1,026.76

1:27 PM

06/17/16

Accrual Basis

Small Business Capital, Corp
General Ledger
As of May 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Gain / (Loss) on Sale of Loans								0.00
General Journal	3/17/2016	29RR...		To record sal...	Loan Pay Hold...	412,402.40		412,402.40
Total Gain / (Loss) on Sale of Loans						412,402.40	0.00	412,402.40
Gain on sale of SBA License								0.00
General Journal	3/17/2016	29RR...		To record sal...	Loan Pay Hold...		1,200,000.00	-1,200,000.00
Total Gain on sale of SBA License						0.00	1,200,000.00	-1,200,000.00
Interest Income								0.00
Deposit	1/31/2016			Interest	ML_CDARS - ...		0.22	-0.22
Deposit	2/29/2016			Interest	ML_CDARS - ...		0.24	-0.46
Deposit	3/31/2016			Interest	ML_CDARS - ...		0.28	-0.74
Deposit	4/30/2016			Interest	ML_CDARS - ...		0.25	-0.99
Deposit	5/31/2016		Wells Fargo	Deposit	WF_Defense ...		191.50	-192.49
General Journal	5/31/2016	31RR...		True up acco...	ML_CDARS - ...	190.79		-1.70
Total Interest Income						190.79	192.49	-1.70
Loss on Sale of Loans								0.00
General Journal	5/31/2016	30RR...	Aung Solvang, LLC.	Write off unc...	Accounts Rec...	1,068.00		1,068.00
Total Loss on Sale of Loans						1,068.00	0.00	1,068.00
No acctnt								0.00
Total no acctnt								0.00
TOTAL						11,651,884.76	11,651,884.76	0.00

EXHIBIT B

1 DAVID R. ZARO (BAR NO. 124334)
EDWARD G. FATES (BAR NO. 227809)
2 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
3 515 South Figueroa Street, Ninth Floor
Los Angeles, California 90071-3309
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
tfates@allenmatkins.com

6 Attorneys for Receiver
7 THOMAS A. SEAMAN

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN JOSE DIVISION

11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 vs.

14 SMALL BUSINESS CAPITAL CORP.;
15 MARK FEATHERS; INVESTORS PRIME
FUND, LLC; AND SBC PORTFOLIO
16 FUND, LLC,

17 Defendants.

Case No. CV12-03237

**[PROPOSED] ORDER DISCHARGING
RECEIVER AND CLOSING
RECEIVERSHIP**

Ctrm: 4 - 5th Floor
Judge: Hon. Edward J. Davila

1 The Court having considered the Declaration of Thomas A. Seaman Regarding Accounting
 2 of Reserve and Completion of Closing Tasks, and good cause appearing therefor, IT IS HEREBY
 3 ORDERED as follows:

4 1. The Receiver is discharged of all duties under the Temporary Restraining Order
 5 and Orders: (1) Freezing Assets; (2) Prohibiting the Destruction of Documents; (3) Granting
 6 Expedited Discovery; (4) Requiring Accountings; and (5) Appointing a Temporary Receiver; and
 7 Order to Show Cause re Preliminary Injunction and Appointment of a Permanent Receiver entered
 8 by this Court on June 26, 2012 ("TRO") (Dkt. No. 16), the Preliminary Injunction and Orders:
 9 (1) Freezing Assets; (2) Prohibiting the Destruction of Documents; (3) Requiring Accountings;
 10 and (4) Appointing a Permanent Receiver entered by this Court on July 10, 2012 ("Preliminary
 11 Injunction Order") (Dkt. No. 34), and subsequent orders of the Court. Pursuant to the discharge,
 12 the Receiver is released from any and all claims and liabilities associated with the receivership, the
 13 receivership entities, and the individual defendants named in this action.

14 2. All actions taken by the Receiver and his professionals in performing the Receiver's
 15 Court-ordered duties under the TRO, Preliminary Injunction Order, and subsequent orders of the
 16 Court are approved and ratified.

17 3. The receivership is closed.

18 4. Jurisdiction over all disputes, claims, and causes of action arising from or relating
 19 to this receivership case is reserved in this Court. In addition, this Court shall have exclusive
 20 jurisdiction over any and all claims asserted by Defendant Mark Feathers against the Receiver, his
 21 company, his agents, or his professionals. The Court will review any and all such claims made by
 22 Mr. Feathers to determine if a response is warranted. If a response is warranted, the Court will
 23 direct the appropriate parties to respond to the claims.

24
 25 Dated: _____

 Hon. Edward J. Davila
 Judge, United States District Court